

Issuer: Value Partners Hong Kong Limited

April 2018

- **This statement provides you with key information about the Value Partners Taiwan Fund (the “Fund”).**
- **This statement is a part of the offering document.**
- **You should not invest in this product based on this statement alone.**

Quick facts

Manager:	Value Partners Hong Kong Limited
Trustee:	Bank of Bermuda (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year[#]:	1.87% ^Y exclusive of performance fees 3.26% ^Y inclusive of performance fees
Dealing frequency:	Daily dealing (Hong Kong and Taiwan business days)
Base currency:	US dollars (US\$)
Dividend policy:	The Manager generally does not intend to make distributions from the Fund
Minimum investment:	US\$10,000 initial, and US\$5,000 subsequent
Financial year-end of this Fund:	30 June

[#] *The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the Fund for the corresponding period as described below. This figure may vary from year to year. The performance fees to be paid as at year end, where applicable, may vary subject to market conditions. Information is updated as at 11 April 2018.*

^Y *This figure is an annualized figure based on the expenses for the interim period ended 31 December 2017. The actual ongoing charges figure may be different and may vary from year to year.*

What is this product?

The Fund is a unit trust constituted under the laws of the Cayman Islands.

Objectives and Investment Strategy

Objectives

The Fund aims to achieve long term capital growth through primarily (i.e. not less than 70% of the Fund's non-cash assets) investing in equity and equity linked securities of companies that are listed on (a) the Taiwan Stock Exchange; or (b) the GRE Tai Securities Market; or (c) any stock exchange but which have their main operations or majority of assets in or derive the majority of their income from Taiwan. This includes companies incorporated and/or quoted outside Taiwan.

Strategy

Equity and equity linked securities of companies that the Fund may invest in include but are not limited to listed equities, depositary receipts, real estate investment trusts (“REITs”) and Exchange Traded Funds (“ETFs”). The Fund's exposure to each of, REITs and ETFs, will be less than 30% of its Net Asset Value (“NAV”).

When investing the assets of the Fund, the Manager does not intend to have an investment focus in terms of sector or industry. Also, the Fund may invest in securities issued by companies of any market size and in such proportions as the Manager deems appropriate.

In addition to the aforementioned investments, the Manager may hold cash, deposits, short-term papers such as treasury bills, certificates of deposit, bankers' acceptances, short-term commercial papers and other fixed income instruments. The Manager may also invest in units in unit trusts, shares in mutual fund corporations, interests in other collective investment schemes, debt securities, convertible debt securities, commercial loans, commodities, commodity-based investments, futures, forwards, swaps, options, warrants and any other financial instruments – however, the Fund's exposure to each of these types of investments will be less than 30% of its NAV. Further, the Fund will not invest more than 10% of its NAV in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade. The Manager may also place a substantial portion of the portfolio in cash or cash equivalents, any of which uninvested may be invested into money market funds. Under exceptional circumstances (e.g. market crash or major crisis), the Fund may be invested temporarily up to 100% in liquid assets such as deposits, treasury bills, certificates of deposit, short-term commercial papers for cash flow management.

The Fund may invest in financial derivative instruments for hedging or investment purposes to the extent permitted by the SFC's Code on Unit Trusts and Mutual Funds and the provisions set out under the section "Investment Restrictions and Prohibitions" in the Explanatory Memorandum.

Currently, the Fund does not invest in collateralized and/or securitized products such as asset backed securities, nor does the Fund intend to engage in repurchase and reverse repurchase transactions or other similar over-the-counter transactions. However, the Fund may enter into stock lending arrangements provided that 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 Fund does not exceed 10% of its latest available NAV.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

1. Investment risk

- The Fund is an investment fund. There is no guarantee of the repayment of principal. The Fund's investment portfolio may fall in value due to any of the key risk factors below and you may lose a substantial proportion or all of your investment in the Fund.

2. Equity market risk

- The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

3. Risk of investing in Taiwan / emerging market

- Taiwan is an emerging market. Investing in Taiwan-related companies involves certain increased risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange risks/controls, liquidity, settlement, custody, legal and regulatory risk, and the likelihood of higher degree of volatility.
- High market volatility and potential settlement difficulties in the Taiwan market may also result in significant fluctuations in the prices of the securities traded in such market and thereby may adversely affect the value of the Fund.
- Securities exchanges in Taiwan typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

4. Concentration risk

- The Fund's investments are concentrated in the Taiwan market. The concentration of the Fund's investments in Taiwan-related companies may result in greater volatility than portfolios which comprise broad-based global investments or have a more diverse portfolio of investments.
- The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Taiwan market.

5. Risks associated with small/mid-capitalisation companies

- The Fund may invest in stocks of small/mid-capitalisation companies which may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general.

6. Risks of investing in derivative products

- The Fund may invest through equity linked notes and other derivative instruments, including those that are not listed or quoted on a market for up to 15% of its non-cash assets. The Fund will be exposed to the counterparty/credit risk of the issuers of these derivative products. Apart from counterparty/credit risk, risks associated with derivative products include liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative product can result in a loss significantly greater than the amount invested in the derivative product by the Fund. Exposure to derivative products may lead to a high risk of significant loss by the Fund. If an issuer of a derivative product were to become insolvent, the Fund would lose its investment up to the full value of that product.

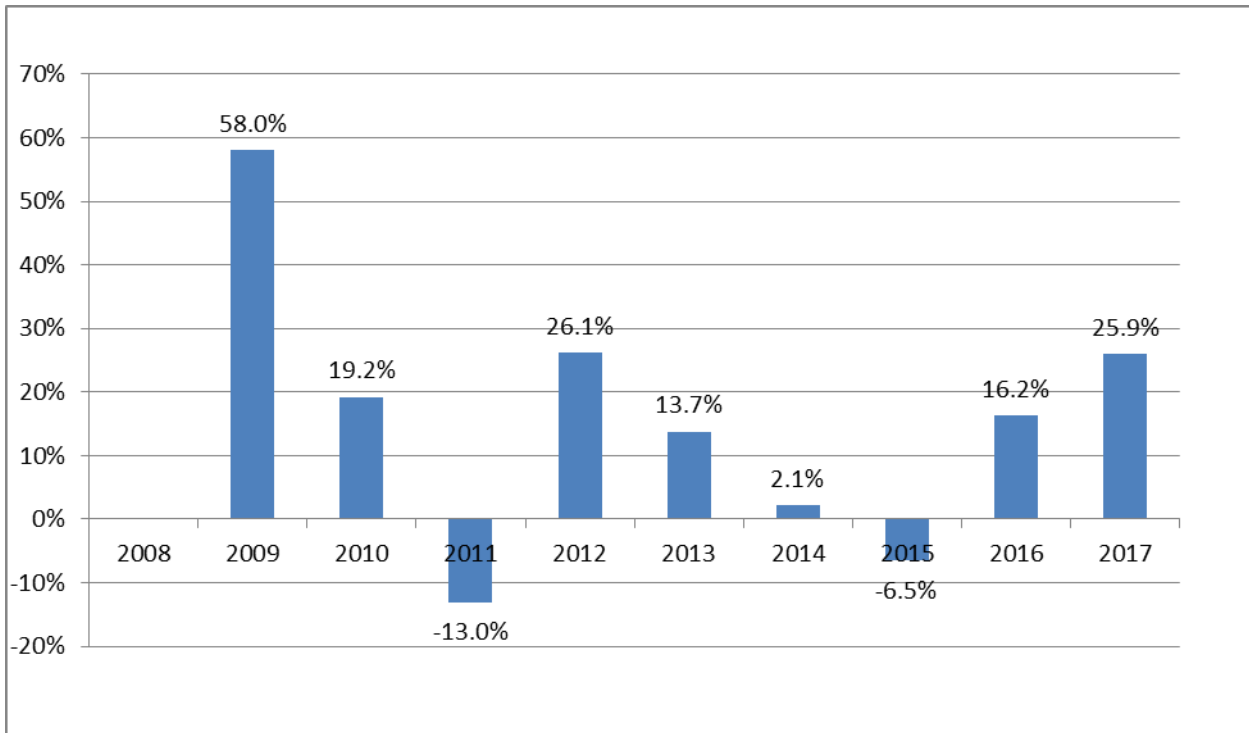
7. Currency exchange risk

- The Fund is denominated in US dollars. Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. The Fund's performance may be affected unfavourably by movements in the exchange rates between the currencies in which the assets are held and US dollars, and any changes in exchange control regulations which may cause difficulties in the repatriation of funds.

8. Performance fee risk

- The performance fee payable to the Manager may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee.
- There is no adjustment of equalisation credit or equalisation losses on an individual unitholder basis for the calculation of the performance fee. A unitholder redeeming units may still incur performance fee in respect of the units, even though a loss in investment capital has been suffered by the redeeming unitholder.
- In addition, performance fees may be paid on unrealized gains which may never be realized by the Fund.

How has the Fund performed?



Note:

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much the Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in US\$ including ongoing charges and excluding subscription fee and redemption fee you might have to pay,
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 3 March 2008

Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Fund.

Fee	What you pay
Subscription fee (Preliminary Charge)	Up to 5% of the amount you buy
Switching fee	Nil
Redemption fee (Realisation Charge)	Nil

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Fund's net asset value ("NAV"))
Management fee	1.25%*
Trustee fees	First US\$400 million of the Fund's NAV 0.17%*
(including fees of the	Next US\$400 million of the Fund's NAV 0.15%*
Custodian and	US\$800 million and thereafter0.13%*
Registrar's Agent)	

The trustee fees are subject to a monthly minimum of US\$5,000. Under the terms of the Trust Deed, the Trustee is also entitled to a fixed annual fee of US\$3,000.

Performance fee	<p>15% of the outperformance in the NAV per unit during a performance period above the high water mark per unit.</p> <ul style="list-style-type: none"> • Outperformance means the amount by which the increase in NAV per unit during the relevant performance period exceeds the high water mark. • The high water mark is the higher of (i) the initial offer price and (ii) the NAV per unit as at the end of the performance period in respect of which a performance fee was last paid. • Each performance period corresponds to the financial year of the Fund. • Where a performance fee is payable to the Manager for a performance period, the NAV per unit (after deduction of performance fee) on the last valuation day of that performance period will be set as the high watermark for the next performance period. • Performance fee accrues on each valuation day if the NAV per unit exceeds the high water mark. On each valuation day, the performance fee accrual made (if any) on the previous valuation day will be reversed and a new performance fee accrual will be calculated. If the NAV per unit is lower than or equal to the high water mark, any performance fee accrual will be reversed and no performance fee will be accrued. • For details and illustrative examples of the performance fee calculation please refer to the section headed "Performance Fee" in the Fund's offering document.
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Other fees	You may have to pay other fees when dealing in the units of the Fund.
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* Please note that some fees may be increased up to a specified permitted maximum on giving unitholders at least three months' prior notice. Please refer to the section of the Explanatory Memorandum entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees, as well as other ongoing expenses that may be borne by the Fund.

Additional Information

- You generally buy and redeem units at the Fund's next-determined NAV after the Registrar's Agent receives your request, directly or via a distributor, in good order at or before 5:00 p.m. (Hong Kong time), being the Fund's dealing cut-off time on each dealing day of the Fund. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Fund's dealing cut-off time).
- The NAV of the Fund is calculated and the price of units is published each business day in the *South China Morning Post*, the *Hong Kong Economic Times* and the *Hong Kong Economic Journal*. Unit prices are available online at www.valuepartners-group.com. This website has not been reviewed or authorized by the SFC.
- Investors may obtain information on the distributor(s) appointed in respect of the Fund by making a telephone enquiry with the Manager on (852) 2143 0688.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

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VALUE PARTNERS TAIWAN FUND

EXPLANATORY MEMORANDUM

CONTENTS

	<i>Page</i>
1. Management and Administration	18
1.1 Manager	18
1.2 Trustee, Registrar, Administrator and Custodian and Registrar's Agent	19
1.3 Auditor	20
2. Information on the Trust	21
2.1 Trust Structure	21
2.2 Initial Offer Period	21
2.3 Initial Offer Price	22
2.4 Investment Objective and Policy	22
2.5 Investment Restrictions and Prohibitions	23
2.6 Borrowing Policy	27
2.7 Security Lending	28
2.8 Other Provisions relating to Investment, Borrowing and Security Lending	29
3. Risk Factors	30
3.1 Investment Risk	30
3.2 Active Investment Management	30
3.3 Market Risk	30
3.4 Equity Risk	31
3.5 Diversification Risk	31
3.6 Currency Exchange Risk	31
3.7 Repatriation Limitation	32
3.8 Accounting and Reporting Standards	32
3.9 Political, Economic and Social Risks	33
3.10 Regulatory Changes	34
3.11 Foreign Investment Regulations	34
3.12 Performance of underlying investments	34
3.13 Equity Linked Notes and other Derivative Instruments	35
3.14 Risk Relating to War or Terrorist Attacks	35
3.15 Valuation and Accounting	36
3.16 Performance Fee	36

	<i>Page</i>
4. Subscription and Realisation of Units	37
4.1 Summary of Features	37
4.2 Dealing Periods	37
4.3 Subscription for Units	39
4.4 Realisation of Units	42
4.5 Transfers	45
4.6 Switching Between Funds	45
4.7 Fax Instructions	46
4.8 Suspension of the Determination of Net Asset Value	47
4.9 Calculation and Publication of Net Asset Value	48
4.10 Form of Units	50
5. Taxation	51
5.1 Cayman Islands	51
5.2 Hong Kong	52
5.3 Taiwan	53
6. Fees and Expenses	54
6.1 Preliminary and Realisation Charges	54
6.2 Trustee Fees	54
6.3 Management Fee	55
6.4 Performance Fee	56
6.5 Distributor Fees	57
6.6 Other Expenses	58
7. General Information	59
7.1 Distribution Policy	59
7.2 Trust Deed	60
7.3 Report, Accounts and Statements	60
7.4 Duration and Termination of the Trust	61
7.5 Conflicts of Interest	62
7.6 Restrictions on Unitholders	66
7.7 Voting Rights	67
7.8 Anti-Money Laundering Regulations	68
7.9 Regulation of the Trust in the Cayman Islands	70
7.10 Material Agreements	71

	<i>Page</i>
8. Procedure for Application for Units	72
8.1 Method of Application	72
8.2 Payment Procedure	73

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

The Directors of the Manager, whose names appear on page 18 of this Explanatory Memorandum, accept responsibility 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 importance of such information as at the date of this Explanatory Memorandum. Unless otherwise indicated herein, the opinions expressed in this document are only those of the Directors of the Manager.

Value Partners Taiwan Fund is an open-ended unit trust constituted under the laws of the Cayman Islands by a Trust Deed dated 30 January 2008, as amended from time to time, 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 (2007 Revision) of the Cayman Islands.

The Trust is authorised by the Securities and Futures Commission in Hong Kong under Section 104 of the Hong Kong Securities and Futures Ordinance but authorisation does not imply official approval or recommendation by the SFC. 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 regards.

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. The first audited annual report of the Trust will be published for the period ending 30 June 2009 and the unaudited semi-annual report will be published for the period ending 31 December 2008.

The Units of the Trust 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.

Cayman Islands

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.

People's Republic of China

This Explanatory Memorandum may not be circulated or distributed in the PRC and no invitations or advertisements or other documents relating to the Units which are directed at, or the contents of which are likely to be accessed or read by the public in PRC may be issued by any person. The Units may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, to any national or resident of, or any entity that is incorporated or established in and under the laws of the PRC, or otherwise offered or sold to any person for reoffering or re-sale directly or indirectly to any resident of the PRC, except in each case pursuant to all applicable laws and regulations of the PRC.

For the purposes of the above paragraph, PRC excludes Taiwan, Macau and Hong Kong.

Taiwan

The Units are not permitted to be offered or sold in Taiwan.

United States of America

The offering of Units is being made outside the United States in accordance with Regulation S under the Securities Act. In this Explanatory Memorandum, the expressions “U.S. Person” and “United States” shall have the meanings given in Regulation S under the Securities Act.

The Trust is not and will not be registered under the United States Investment Company Act of 1940, as amended (the “Investment Company Act”), and the Units are being placed in a manner designed to preclude the Trust from having to register thereunder. The Trust reserves the right to refuse to permit a transfer of the Units to U.S. Persons or to repurchase or require the sale to non-U.S. Persons of the Units held by U.S. Persons in circumstances where such transfer or ownership might require the Trust to be registered under the Investment Company Act. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any state or other political subdivision of the United States, and are not being offered in the United States, nor may they be directly or indirectly offered, sold, transferred or delivered in the United States or areas subject to its jurisdiction or to or for the benefit of nationals, citizens or residents thereof or persons who are normally resident therein (including the estate of such person and corporations or partnerships created or organised therein) (“**U.S. Persons**”), except pursuant to an exemption available under the Securities Act.

Neither the United States Securities and Exchange Commission nor any other regulatory agency in the United States or any State has passed upon the Units or the adequacy or accuracy of this Explanatory Memorandum.

Purchasers and subscribers of Units will be required to give certificates as to, among other things, their status as U.S. Persons and to give undertakings as to the persons and manner in which they may sell or transfer their interests.

The Trust may purchase equity securities which are issued in initial public offerings registered under the Securities Act. NASD Conduct Rule 2790 (the “**Rule**”) of the Financial Industry Regulatory Authority (“FINRA”) generally prohibits FINRA members and their associated persons from, among other things, selling any New Issues to any FINRA member or other broker/dealer, to any associated person of a FINRA member or other broker/dealer, to any person who has authority to buy or sell securities for a bank, savings and loan institution, insurance company, investment company, investment manager, or collective investment account, or to certain other restricted purchasers (as more specifically set forth in Appendix 2 to the subscription form which accompanies this Explanatory Memorandum, collectively “**Restricted Persons**”). The Units of the Trust are not offered to and are not available for investment by Restricted Persons.

The attention of all prospective investors is drawn to section 7.6, headed “Restrictions on Unitholders” and the compulsory realisation powers of the Manager referred to therein.

Each prospective investor should carefully review the summary statements on tax matters under the section headed “Taxation” and is advised to consult its own tax adviser as to the tax consequences of an investment in the Trust. These summary statements are based on advice received by the Trust, but, as individual investors may be affected differently in different situations, these statements are necessarily general in nature and are not definitive of any particular investor’s tax position in relation to the Trust. The Manager strongly recommends that prospective investors consult their own professional advisers in respect of the tax implications of holding the Units. The Trust, the Manager and other parties involved in this offering do not accept any responsibility for any adverse tax liabilities which may accrue to holders of the Units as a result of this offering. The attention of investors is also drawn to the section headed “Risk Factors”.

Prospective investors should also inform themselves as to: (a) the legal requirements within their own countries for the subscription of or purchase or holding of the Units; and (b) any foreign exchange restrictions which may be relevant to them personally. The attention of investors is drawn to the section below headed “Risk Factors”.

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.

8 May 2008

DIRECTORY

Manager

Value Partners Hong Kong Limited

Registered and Business Address:

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1 Queen's Road East

Hong Kong

Telephone: (852) 2880 9263

Fax: (852) 2565 7975

Website: www.valuepartners.com.hk

Trustee, Registrar,

Administrator and Principal Office

Bank of Bermuda (Cayman) Limited

P.O. Box 513 GT

Strathvale House

North Church Street

George Town

Grand Cayman KY1-1106

Cayman Islands

British West Indies

Custodian and Registrar's Agent

HSBC Institutional Trust

Services (Asia) Limited

39/F Dorset House

Taikoo Place, 979 King's Road

Hong Kong

Facsimile: (852) 3409 2690 (Dealing)

(852) 3409 2693 (Enquiries)

Attention: Investor Services Department

(AFS)

Auditor

PricewaterhouseCoopers

P.O. Box 258 GT

Strathvale House

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George Town

Grand Cayman KY1-1104

Cayman Islands

British West Indies

Legal Advisers

To the Manager with respect to

Taiwan law

Russin & Vecchi

Bank Tower, 9th Floor

205 Tun Hwa North Road

Taipei, Taiwan, R.O.C.

To the Manager with respect to

Cayman Islands law

Maples and Calder

1504 One International Finance Centre

1 Harbour View Street

Hong Kong

DEFINITIONS

In this Explanatory Memorandum, unless the context otherwise requires, the following expressions have the meanings set out below.

“Accounting Date”	30 June in each year, the first being 30 June 2009, or such other day as may from time to time be determined by the Manager with the approval of the Trustee (not to be unreasonably withheld)
“Accounting Period”	(a) the period commencing on the date of the Trust Deed and ending on the first Accounting Date; and (b) each period commencing on the date immediately after an Accounting Date and ending on the following Accounting Date
“Administrator”	Bank of Bermuda (Cayman) Limited or its successors
“Business Day”	a day (other than a Saturday and Sunday) on which banks in Hong Kong are open for general business provided that, where as a result of a Number 8 Typhoon Signal being hoisted or a Black Rainstorm warning being issued or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager, with the consent of the Trustee, otherwise determines
“Class”	any one of the classes of Units which may be issued in respect of the Trust pursuant to the Trust Deed
“Connected Person”	in relation to the Manager, the Trustee, the Successor Trustee, or any person appointed as a sub-investment manager/ investment adviser to the Manager or any person appointed as the distribution company for Units (for the purpose of this definition, referred to individually as a “Principal” and collectively as the “Principals”) means:- (a) any person or company (i) beneficially owning, directly or indirectly, 20 per cent. or more of the ordinary share capital of any Principal or (ii) able to exercise, directly or indirectly, 20 per cent. or more of the total voting rights attributable to the voting share capital of any Principal;

DEFINITIONS (Continued)

(b) any company controlled by any person within (a) above, for which purpose “**control**” of a company means:-

(i) control (either direct or indirect) of the composition of the board of directors of that company; or

(ii) control (either direct or indirect) of more than half the voting rights attributable to the voting share capital of that company; or

(iii) the holding (either directly or indirectly) of more than half of the issued share capital of that company (excluding any part of it which confers no right to participate beyond a specified amount in a distribution of either profits or capital),

provided always that if the Trustee and the Manager agree some other meaning for the expression “**control**”, such meaning shall be substituted for the meaning set out in this paragraph;

(c) any member of the group of which any Principal forms part;

(d) any director or other officer of any Principal or of any company which is a Connected Person pursuant to (a), (b) or (c) above

“Custodian” HSBC Institutional Trust Services (Asia) Limited or its successors

“Dealing Day” the Business Day immediately following the end of a Dealing Period

DEFINITIONS (Continued)

“Dealing Period”	with respect to each place at which applications for the subscription, realisation or conversion of Units may be submitted, such period of time as may be determined by the Manager from time to time to be the period within which such applications may be received in that jurisdiction in order to be dealt with at the Issue Price or Realisation Price (as the case may be) determined by reference to a particular Valuation Day in accordance with the Trust Deed
“Derivative Instruments”	equity linked notes and other derivative instruments
“Director(s)”	the director(s) of the Manager
“Distribution Account”	the bank account or account(s) (if any) opened by the Trustee in accordance with the Trust Deed
“Distribution Date”	a date as defined in section 7.1 below
“Extraordinary Resolution”	either: (a) a resolution proposed as such at a meeting of Unitholders in a particular Class, or (as the case may be) at a meeting of all the Unitholders, duly convened and held in accordance with the Trust Deed and passed as such by a majority consisting of 75 per cent. or more of the total number of votes cast for and against such resolution; or (b) a resolution in writing signed by all the Unitholders for the time being in issue in a particular Class, or (as the case may be) of Units for the time being in issue in all the Classes
“FINRA”	Financial Industry Regulatory Authority
“Greater China Region”	the PRC, and includes Hong Kong, Macau and Taiwan

DEFINITIONS (Continued)

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	the lawful currency for the time being and from time to time of Hong Kong
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards
“Initial Offer Period”	such period as may be agreed between the Trustee and the Manager in relation to each Class
“Initial Offer Price”	such amount as the Manager shall determine in respect of any particular Class
“Investment Company Act”	the United States Investment Company Act of 1940, as amended
“Issue Price”	in respect of each Class, the price at which Units in that Class may be issued, determined in accordance with the Trust Deed or, in respect of Units issued during the Initial Offer Period, means the Initial Offer Price for that Class
“Macau”	the Macau Special Administrative Region of the PRC
“Manager”	Value Partners Hong Kong Limited or its successors
“Monetary Authority”	the Cayman Islands Monetary Authority
“Mutual Funds Law”	the Mutual Funds Law (2007 Revision) of the Cayman Islands
“Net Asset Value”	the net asset value of the Trust or, as the context may require, in respect of a Class, the net asset value of a Unit, calculated pursuant to the Trust Deed

DEFINITIONS (Continued)

- “New Issues” means any initial public offering of an equity security as defined in Section 3(a)(11) of the Securities Act, made pursuant to a registration statement or offering circular. New issue shall not include:
- (a) offerings made pursuant to an exemption under Section 4(1), 4(2) or 4(6) of the Securities Act, or SEC Rule 504 if the securities are “restricted securities” under SEC Rule 144(a)(3), or Rule 144A or Rule 505 or Rule 506 adopted thereunder;
 - (b) offerings of exempted securities as defined in Section 3(a)(12) of the Securities Act, and rules promulgated thereunder;
 - (c) offerings of securities of a commodity pool operated by a commodity pool operator as defined under Section 1a(5) of the United States Commodity Exchange Act;
 - (d) rights offerings, exchange offers, or offerings made pursuant to a merger or acquisition;
 - (e) offerings of investment grade asset-backed securities;
 - (f) offerings of convertible securities;
 - (g) offerings of preferred securities;
 - (h) offerings of an investment company registered under the Investment Company Act;
 - (i) offerings of securities (in ordinary share form or ADRs registered on Form F-6) that have a pre-existing market outside of the United States; and

DEFINITIONS (Continued)

- (j) offerings of a business development company as defined in Section 2(a)(48) of the Investment Company Act, a direct participation program as defined in NASD Conduct Rule 2810(a)(4) of the FINRA Rules, or a real estate investment trust as defined in Section 856 of the United States Internal Revenue Code.
- “Non-Qualified Person”
- (a) any individual under the age of 18; or
 - (b) any person in breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which in the opinion of the Manager might result in the Trust suffering any hardship which the Trust might not otherwise have suffered; or
 - (c) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which in the opinion of the Manager might result in the Trust Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Trust or other Unitholder might not otherwise have incurred or suffered; or
 - (d) any person who is resident or domiciled in the Cayman Islands (other than an exempted company or an ordinary nonresident company); or
 - (e) PRC nationals or residents or entities incorporated, established or formed in the PRC; or
 - (f) any person in breach of, or reasonably deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including, but not limited to, the issue of any warranty or supporting document required to be given to the Registrar or the Manager; or

DEFINITIONS (Continued)

	(g) U.S. Person; or
	(h) any Restricted Person; or
	(i) such other Non-Qualified Persons as may be determined by the Manager from time to time
“Performance Fee Valuation Day”	the last Valuation Day of each Accounting Period or such other Business Day or Business Days as may from time to time be determined by the Manager with the approval of the Trustee (not to be unreasonably withheld)
“PRC”	the People’s Republic of China (excludes Taiwan, Macau and Hong Kong)
“Preliminary Charge”	the charge (or an amount equivalent thereto) which may be made by the Manager pursuant to the Trust Deed upon the issue of Units
“Principal Office”	Bank of Bermuda (Cayman) Limited or its successors
“Realisation Charge”	the charge (or an amount equivalent thereto) which may be made by the Manager pursuant to the Trust Deed upon the realisation upon the request of a Unitholder other than the Manager
“Realisation Price”	in respect of any Class, the price at which Units in that Class shall be realised, determined in accordance with the Trust Deed
“Register”	the register of Unitholders to be kept in accordance with the Trust Deed
“Registrar”	Bank of Bermuda (Cayman) Limited or its successors
“Registrar’s Agent”	HSBC Institutional Trust Services (Asia) Limited or its successors

DEFINITIONS (Continued)

“Regulation S”	Regulation S under the Securities Act
“Restricted Person”	has the meaning given to it under the Rule and any account in which a Restricted Person has a “beneficial interest” (as such term is defined in the Rule)
“Rule”	NASD Conduct Rule 2790 of the FINRA Rules
“Securities Act”	United States Securities Act of 1933, as amended
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified, re-enacted or replaced from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Successor Trustee”	the person or persons for the time being duly appointed successor trustee or trustees under the Trust Deed
“Taiwan”	Taiwan, the Republic of China
“Trust”	the unit trust constituted by the Trust Deed and to be called Value Partners Taiwan Fund or such other name as the Trustee and the Manager may from time to time determine
“Trust Deed”	the trust deed dated 30 January 2008, as amended from time to time, entered into between the Trustee and the Manager
“Trust Fund”	the sum of US\$10 initially declared by the Trustee to be held upon the trusts hereof together with all the property for the time being held or deemed to be held upon the trusts pursuant to and subject to the terms and provisions of the Trust Deed, except any amount for the time being standing to the credit of any Distribution Account
“Trustee”	Bank of Bermuda (Cayman) Limited or its successors

DEFINITIONS (Continued)

“Trustee Ordinance”	the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong), as amended, modified, re-enacted or replaced from time to time
“Unit”	a unit in a Class representing a certain number or fraction (including irregular fractions) of undivided shares in the Trust which number shall be capable of variation (as between the Classes) in accordance with the Trust Deed
“United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“United States” or “U.S.”	the United States of America, as defined in Regulation S
“Unitholder”	the person for the time being entered on the Register as the holder of Units (including fractions of Units) including, where the context so admits, persons jointly so registered
“US dollars” or “US\$”	the lawful currency for the time being and from time to time of the United States
“U.S. Person”	has the meaning given to it in Regulation S
“Valuation Day”	currently means each Wednesday of every week (or, if such day is not a Business Day, the Business Day immediately following it) and/or such other day or days as the Manager may from time to time determine to be a valuation day with the approval of the Trustee and one month’s prior written notice to Unitholders

1. MANAGEMENT AND ADMINISTRATION

1.1 Manager

Value Partners Hong Kong Limited is a company incorporated with limited liability in Hong Kong on 10 May 1999. 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. It is a wholly-owned subsidiary of Value Partners Group Limited.

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 manage and invest the Trust on a discretionary basis.

The Directors of the Manager are:

CHEAH Cheng Hye – Mr. Cheah has been the Chief Investment Officer of Value Partners group of companies, which the Manager is one of the members, since February 1993. As one of the pioneers in applying value investing to regional markets, Mr. Cheah was personally voted the “Most Astute Investor” in the Asset Benchmark Survey, October 2003. Prior to that, Mr. Cheah was with Morgan Grenfell Group in Hong Kong; he founded the firm’s Hong Kong equities research department in 1989 and acted as its head, and also carried out proprietary trading. He was previously a financial journalist with the Asian Wall Street Journal and Far Eastern Economic Review, where he covered business and finance across the East and Southeast Asian region. In November 2007, the holding company of the Manager, Value Partners Group Limited, with Mr. Cheah as Chairman and Chief Investment Officer, carried out an initial public offering through the Hong Kong Stock Exchange, becoming Hong Kong’s first listed asset-management firm. Subsequently, the editors of FinanceAsia voted Mr. Cheah as their Capital Markets Person of the Year 2007.

HO Man Kei, CFA – Mr. Ho holds a leadership role in the Manager’s investment process, including a high degree of responsibility for portfolio management. He joined Value Partners group of companies, which the Manager is one of the members, in November 1995. He was an executive with Dao Heng Securities Limited from 1992 and started his career with Ernst & Young. Mr. Ho is a graduate of the University of Hong Kong, where he received a Bachelor of Social Science in December 1989 majoring in Management Studies. He became a Chartered Financial Analyst (CFA) charterholder in October 1996 and a member of the Association of Chartered Certified Accountants in April 2001.

1. MANAGEMENT AND ADMINISTRATION (Continued)

1.1 Manager (Continued)

NGAN Wai Wah, CFA – Mr. Ngan joined Value Partners group of companies, which the Manager is one of the members, in March 2004 and is now the Chief Executive Officer, and is responsible for the business management of the firm. Prior to joining Value Partners group of companies, he worked for Manulife Asset Management (Hong Kong) since 1997, where he served as Director of Sales and Distribution and was responsible for both the institutional and the retail business. Before joining Manulife, Mr. Ngan was associated with Altamira Investment Services Inc. (Canada). Mr. Ngan is a member of the Public Shareholders Group of the SFC. He received a Bachelor of Commerce degree majoring in Finance from the University of British Columbia in May 1996 and became a Chartered Financial Analyst (CFA) charterholder in September 2004.

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

Bank of Bermuda (Cayman) Limited was incorporated in the Cayman Islands in 1988 and is a licensed trust company under the Banks and Trust Companies Law (Revised) and a licensed mutual fund administrator pursuant to the Mutual Funds Law. **HSBC Institutional Trust Services (Asia) Limited** was incorporated in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance in Hong Kong, and approved by the Mandatory Provident Funds Authority to provide trustee services. Both the Trustee and the Registrar's Agent are indirect wholly owned subsidiaries of HSBC Holdings plc, a public company incorporated in England and Wales. The HSBC Group is one of the largest banking and financial services organisations in the world with well-established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. Nothing herein or in the Trust Deed shall in any case in which the Trustee has failed to show the degree of diligence and care required of it by the provisions of the Trust Deed, exempt the Trustee from or indemnify it against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to the Trustee in respect of any negligence, default, breach of duty or trust of which it may be guilty in relation to its duties. The Trustee shall however not be under any liability except such liability as may be expressly imposed by the Trust Deed, nor shall it (save as the Trust Deed otherwise appears) be liable for any act or omission of the Manager. Subject as provided in the Trust Deed, the Trustee shall be entitled for the purpose of indemnity against any action, costs, claims, damages, expenses or demands (other than those arising out of any liability or obligation to the Unitholders imposed on the Trustee pursuant to the laws of the Cayman Islands or the Trust Deed) to which it may be put as Trustee to have recourse to the Trust Fund or any part thereof.

1. MANAGEMENT AND ADMINISTRATION (Continued)

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

All information on the Trust herein is subject to any further information, terms, conditions and restrictions as set out in any Addenda to this Explanatory Memorandum relating to each Class of Units or any other aspect of the Trust. Unless otherwise provided, words and expressions defined in the Trust Deed shall (where the context so requires or admits) have the same respective meanings in this Explanatory Memorandum.

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 Taiwan Fund pursuant to a Trust Deed dated 30 January 2008, as amended from time to time entered into between the Trustee and the Manager. The Trust may offer Units to investors 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 additional 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 Initial Offer Period

The Initial Offer Period for Units of existing Class commenced at 9:00 am (Hong Kong time) on 25 February 2008 and closed at 5:00 pm (Hong Kong time) on 29 February 2008.

2. INFORMATION ON THE TRUST (Continued)

2.3 Initial Offer Price

Units were available for subscription at the initial offer price of US\$10 per Unit (exclusive of Preliminary Charge).

A Preliminary Charge of up to 5.0 per cent. of the Issue Price (payable to the Manager or, by agreement with the Manager, to person or persons by or through whom the Units are offered for subscription) may, at the discretion of the Manager, be levied on top of the Issue Price of Units subscribed for during and/or after the expiration of the Initial Offer Period. Details are set out in section 4.3, headed "Subscription for Units".

2.4 Investment Objective and Policy

The investment objective of the Trust is to achieve long term capital growth through primarily investing in equity and equity linked securities of companies that are listed on (a) the Taiwan Stock Exchange; or (b) the GRE Tai Securities Market; or (c) any stock exchange but which have their main operations or majority of assets in or derive the majority of their income from Taiwan. This includes companies incorporated and/or quoted outside Taiwan.

In addition, the Manager may hold cash, deposits, short-term papers such as treasury bills, certificates of deposit, bankers' acceptances, short-term commercial papers and other fixed income instruments for the account of the Trust. The Manager may also invest in units in unit trusts, shares in mutual fund corporations, interests in other collective investment schemes (including those managed, comanaged, sub-managed, advised or sub-advised by the Manager or its fellow subsidiaries), debt securities, convertible debt securities, commercial loans, commodities, commodity-based investments, futures, forwards, swaps, options, warrants and any other financial instruments. The Manager may also place a substantial portion of the portfolio in cash or cash equivalents, any of which uninvested maybe invested into money market funds, including those managed, co-managed, sub-managed, advised or sub-advised by the Manager or its fellow subsidiaries.

2. INFORMATION ON THE TRUST (Continued)

2.4 Investment Objective and Policy (Continued)

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 section 4.8, headed "Suspension of the Determination of Net Asset Value", dealing in the Units may be temporarily suspended.

2.5 Investment Restrictions and Prohibitions

2.5.1 *Investment Restrictions*

The Trust Deed sets out certain restrictions on the investment of the assets of the Trust which are summarised below. The Trust will invest at least 70 per cent. of its non-cash assets in securities and other investments based in, in connection with or related to Taiwan. 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 Trust holding of ordinary shares issued by any single issuer more than 10 per cent. of any ordinary shares issued by such single issuer; 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

2. INFORMATION ON THE TRUST (Continued)

2.5 Investment Restrictions and Prohibitions (Continued)

2.5.1 *Investment Restrictions (Continued)*

- (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
- (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 (other than for hedging purposes).

2. INFORMATION ON THE TRUST (Continued)

2.5 Investment Restrictions and Prohibitions (Continued)

2.5.2 *Investment Prohibitions*

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 if as a consequence the liability of the Trust to deliver securities would exceed 10% of the latest available Net Asset Value of the Trust (and for this purpose, securities sold short must be actively traded on a market where short selling 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) acquire any asset for the Trust which involves the assumption of any liability which is unlimited, except by entering into a futures contract expressed to be for the sale of the subject matter of that contract; 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

2. INFORMATION ON THE TRUST (Continued)

2.5 Investment Restrictions and Prohibitions (Continued)

2.5.2 Investment Prohibitions (Continued)

- (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 investments held by the Trust the total value of which, in terms of the prices at which all such options may be exercised, exceeds 25 per cent. of its latest available Net Asset Value; or
- (i) invest in any unit trust, mutual fund corporation or other collective investment scheme (excluding SFC authorised/ permitted real estate investment trusts) which, in turn, invests primarily in any investment prohibited by the Trust Deed or this Explanatory Memorandum or by relevant laws or regulations; or
- (j) 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, unless no increase in the overall total of initial charges, management fees or any other costs and charges payable to the Manager or its Connected Persons occurs; or
- (k) invest less than 70 per cent. 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

2. INFORMATION ON THE TRUST (Continued)

2.5 Investment Restrictions and Prohibitions (Continued)

2.5.2 Investment Prohibitions (Continued)

- (l) except with the prior written consent of the Trustee, make any loan out of the Trust Fund other than (a) any deposit made with the Trustee or any bank or financial institution approved by the Trustee; or (b) the subscription for, or acquisition or holding of, any debt or loan security.

2.6 Borrowing Policy

The Manager may, with the written consent of the Trustee, 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 (unless the principal amount temporarily exceeds 25 per cent. of the Net Asset Value of the Trust as a result of merger or the like) 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. INFORMATION ON THE TRUST (Continued)

2.7 Security Lending

The Manager may, with the written consent of the Trustee, engage in security lending, in respect of any securities of the Trust on such terms as may be acceptable to the Manager through the agency of or directly with any person acceptable to the Manager (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 security) 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 determined 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

2. INFORMATION ON THE TRUST (Continued)

2.7 Security Lending (Continued)

- (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.

The Trustee may on behalf of the Trust pay such fees out of the Trust Fund to third parties for services in arranging such loans as may be permitted by applicable law. Any such fees paid to the Manager, Trustee or any Connected Person will be disclosed in the annual reports of the Trust.

2.8 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.

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. 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:

3.1 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.

3.2 Active Investment Management

The Trust's investments will not track a particular share index or other predetermined benchmarks. Instead, the Trust's assets will be actively managed by the Manager, based on the expertise of its individual fund managers or delegates, 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.

3.3 Market Risk

The investments of the Trust are subject to risks inherent in all securities (including settlement and counterparty risks). The value of holdings may fall as well as rise. Since emerging markets tend to be more volatile than developed markets, holdings in emerging markets are exposed to higher levels of market risk and general commercial risks.

3. RISK FACTORS (Continued)

3.3 Market Risk (Continued)

The Taiwanese stock market has experienced a high degree of stock price volatility in recent years. The liquidity of Taiwanese stocks is inhibited by price constraints imposed by the Taiwan Stock Exchange and smaller market capitalisation.

3.4 Equity Risk

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

3.5 Diversification Risk

The Trust may likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the region or country in which it invests.

The securities market in which the Trust will principally invest is undergoing a period of growth and change which may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations.

3.6 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 region or country may cause difficulties in the repatriation of funds from such regions or countries.

3. RISK FACTORS (Continued)

3.6 Currency Exchange Risk (Continued)

The assets of the Trust will be invested in Taiwanese securities and some of the income of the Trust will be received in Taiwanese Dollars. Depreciation in the rate of exchange of Taiwanese Dollar against the US Dollar could have an adverse impact on the Fund's performance expressed in US dollars.

3.7 Repatriation Limitation

Some countries may impose restrictions on foreign exchange, especially in relation to the repatriation of foreign funds. Such markets may prohibit the repatriation of foreign funds for a fixed time horizon and limit the percentage of invested funds to be repatriated at each time.

Prospective investors should refer to “Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals” and relevant foreign exchange settlement procedures in Taiwan for details and note the risks under such regulations, together with their subsequent changes. Any changes to such regulations, or the imposition of restrictions on repatriation of the invested capital and net profits may impact on the Trust's ability to meet the realisation requests of its Unitholders.

3.8 Accounting and Reporting Standards

The accounting standards and regulatory requirements of financial reporting and information disclosure in some 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. These differences may lie in areas such as different valuation methods of the properties or the assets, and the requirements for disclosure of information to investors.

3. RISK FACTORS (Continued)

3.9 Political, Economic and Social Risks

Political changes, social instability and unfavourable diplomatic development which may take place in any region or country in which the issuers are incorporated and/or carry on business could result in the imposition of additional governmental restrictions including the expropriation of assets, confiscatory taxes or nationalization of some or all of the investments held by the Trust in such region or country.

Investors should note that any change in the policies of any region or country in which investments are issued, may impose an adverse impact on the securities markets in these countries as well as on the underlying securities of the Trust. The Trust's assets may be affected by other political or diplomatic uncertainty or developments, social and religious instability, higher inflation and other considerations.

There may be more substantial government intervention in the economy, including restrictions on investing in companies or industries deemed sensitive to relevant national interests.

The Government of the PRC claims to be the only legitimate government for the whole of China. There can be no guarantee that the PRC government will not use forcible means, which it has refused to forego, to gain control of Taiwan.

In addition to the economic impact of the PRC's internal political uncertainties, the potential effect of the PRC's actions, not only on the PRC itself, but on Hong Kong, Macau and Taiwan as well, could also be significant. In particular, the PRC is heavily dependent on foreign trade with Taiwan and Hong Kong. Although the PRC's long sought admission to the World Trade Organisation, which became effective on 1 January 2002, has enhanced the PRC's status in the international community, political developments adverse to its trading partners, as well as political and social repression, could cause the U.S. and others to alter their trading policy towards the PRC. With much of the PRC's trading activity being funnelled through Hong Kong and with trade through Taiwan becoming increasingly significant, any sizeable reduction in demand for goods from the PRC would have negative implications for both regions. The PRC is believed to be the largest investor in Hong Kong and its markets and an economic downturn in the PRC would be expected to reverberate through Hong Kong's markets as well.

3. RISK FACTORS (Continued)

3.10 Regulatory Changes

There may be a lower level of government supervision and enforcement activity in the regulation of Taiwanese securities markets and the participants in those markets than in comparable markets in the United Kingdom and the United States securities markets.

Investors should note that the political and legal environments in Taiwan are still developing and in many areas are neither entirely transparent nor entirely stable. Relevant foreign investment and taxation regulations, such as withholding tax and investment prohibitions, in these markets may change suddenly without prior notice.

The value of the Trust's assets may be affected by uncertainties such as changes in the Government in Taiwan or its policies regarding inward investment, taxation and the restrictions on currency repatriation and other developments in the laws and regulations of Taiwan.

3.11 Foreign Investment Regulations

Foreign investment made directly into Taiwan is permitted under the "Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals" and relevant foreign exchange settlement procedures (the "Regulations"). Foreign institutional investors are required to register with the Taiwan Stock Exchange and obtain an investment ID as Foreign Institutional Investors ("FINI"). Investment by FINIs is subject to various limitations, restrictions and other requirements, including without limitation, on engaging in securities borrowing and lending transactions, hedging transactions and the like. The Trust will not invest in unlisted securities in Taiwan as it has not obtained the relevant foreign investment approval. Should the Manager decide to invest in such securities in the future, it would need to obtain the approval from the Investment Commission of the Ministry of Economic Affairs in Taiwan.

3.12 Performance of underlying investments

It should be appreciated that because the value of Units, and income from them (if any), is primarily based on investments in the underlying securities of Taiwan-related companies, the value of the Units will rise or fall as a result of fluctuations in the value or performance of such underlying securities and companies.

3. RISK FACTORS (Continued)

3.13 Equity Linked Notes and other Derivative Instruments

The Trust may invest in the investment targets of the Trust through equity linked notes and other derivative instruments. Derivative Instruments may not be listed and are subject to the terms and conditions imposed by their issuer. There is no active market in Derivative Instruments and therefore investment in Derivative Instruments can be illiquid. In order to meet realisation requests, the Trust relies upon the issuer of the Derivative Instruments to quote a price to unwind any part of the Derivative Instruments that will reflect the market liquidity conditions and the size of the transaction. There is a risk that the issuer of the Derivative Instruments will not settle a transaction due to a credit or liquidity problem and the Trust may suffer a loss. An investment in the Derivative Instruments does not entitle the Derivative Instruments holder to the beneficial interest in the shares nor to make any claim against the company issuing the shares. Fluctuation in the exchange rate between the denomination currency of the underlying shares and the Derivative Instruments will affect the value of the Derivative Instruments, the redemption amount and the distribution amount on the Derivative Instruments. Where the Trust invests in Derivative Instruments that are not listed or quoted on a market, such Derivative Instruments should comprise no more than 15 per cent. of the Trust's non-cash assets (and are also subject to the other applicable investment restrictions set out in this Explanatory Memorandum).

3.14 Risk Relating to War or Terrorist Attacks

It is possible that the terrorist attacks like those in the United States in September 2001 and in the United Kingdom in July 2005 may have an adverse political and/or economic impact in the Greater China Region. There can be no assurance that there will not be any terrorist attacks which could have direct or indirect effect on the 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.

3. RISK FACTORS (Continued)

3.15 Valuation and Accounting

The Manager intends to adopt IFRS in drawing up the annual accounts of the Trust. However, investors should note that the calculation of the Net Asset Value in the manner described in the section headed “4.9 Calculation and Publication of Net Asset Value” which the Trust intends to adopt for the purpose of determining the Net Asset Value per Unit for subscription and realisation and for the purpose of the calculation of various fees as described in this document (the “Valuation NAV”) may not necessarily be in compliance with generally accepted accounting principles, i.e. IFRS. Accordingly, investors should note that the Valuation NAV may not necessarily be the same as the net asset value to be reported in the annual accounts as the Manager may make necessary adjustments in the annual accounts to comply with IFRS.

3.16 Performance Fee

Prospective investors should note that the management fee and performance fee payable to the Manager are based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised by the Trust.

4. SUBSCRIPTION AND REALISATION OF UNITS

4.1 Summary of Features

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

Base currency	US dollars
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 per cent. of the increase in Net Asset Value per Unit in the relevant performance period calculated annually on a high-on-high basis

4.2 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 Wednesday of every week (or, if such day is not a Business Day, the Business Day immediately following it) and/or such other day or days as the Manager may from time to time determine to be a valuation day, provided always that there will be at least one Valuation Day in each calendar month and any change in the Valuation Day will only be implemented with the approval of the Trustee and upon giving one month's prior notice to the Unitholders.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.2 Dealing Periods (Continued)

The Manager has determined that a Business Day is any day (other than a Saturday or a Sunday) on which banks are open for business in Hong Kong provided that, if the period on any day during which banks are open is reduced as a result of a Number 8 Typhoon Signal being hoisted or a Black 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 apply to subscribe for, or realise, Units at their Issue Price and Realisation Price respectively during any Dealing Period based on the Net Asset Value per Unit as determined on a Valuation Day referable to such Dealing Period, in the manner described under section 4.9, headed “Calculation and Publication of Net Asset Value”. Units of the Trust are denominated in US dollars. A Preliminary Charge of up to 5.0 per cent. of the respective Issue Price (payable to the Manager, or to the person or persons by or through whom the Units are offered for subscription by agreement between the Manager and such person(s)) may, at the discretion of the Manager, be levied on top of the Issue Price of Units subscribed for during and/or 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 up to the maximum level of 5.0 per cent. of the Realisation Price with 1 month’s prior written notice to Unitholders.

At present, Dealing Periods are periods which commence at the end of the preceding Dealing Period and end at 12:00 p.m. (Hong Kong time) on each Valuation Day. Units will be issued on a Dealing Day (i.e. the Business Day immediately following the end of a Dealing Period).

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 12:00 p.m. (Hong Kong time) on the Valuation Day as determined by the Manager.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.2 Dealing Periods (Continued)

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.

4.3 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 Initial Offer Period for initial Class Units in the Trust commenced at 9:00 a.m. (Hong Kong time) on 25 February 2008 and ended at 5:00 p.m. (Hong Kong time) on 29 February 2008.

The initial offer price for each Unit during this period was US\$10 (exclusive of Preliminary Charge). Initial Units were issued on the last day of such Initial Offer Period.

The minimum initial subscription for Units for each investor (inclusive of any Preliminary Charge) will be US\$10,000 and the minimum subsequent subscription (inclusive of the Preliminary Charge) will be US\$5,000. The Manager may, in its absolute discretion, agree to a lower amount for any prescribed minimum initial and subsequent subscription (inclusive of Preliminary Charge, if any). A Preliminary Charge of up to 5.0 per cent. of the respective Issue Price per Unit may be made and retained by the Manager for its own use and benefit or, by the person or persons by and through whom the Units are offered for subscription for their own use and benefit by agreement between the Manager and such person(s). The Manager or, where the Preliminary Charge is to be retained by the person or persons by or through whom the Units are offered for subscription, that person or those persons, may on any Valuation Day differentiate between applicants as to the amount of the Preliminary Charge (if any) to be levied.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.3 Subscription for Units (Continued)

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 (or its equivalent).

Applications for subscription for 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 subscription form provided by the Manager, 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. Neither the Manager, the Registrar's Agent nor the Trustee accept any responsibility for any loss resulting from the non-receipt or illegibility of any subscription sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile believed in good faith to have originated from properly authorised persons. 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.

The Manager has the absolute discretion to decide whether to accept or reject in whole or in part any application for subscription. If any subscription is not accepted in whole or in part, the subscription monies (or where the subscription is accepted in part only, the balance thereof) will be returned (without interest), to the bank account from which the monies were originally transferred, at the expense and risk of the applicant. Units will not be issued if such issue would result in the violation of any applicable law. The Manager may also, in its absolute discretion, determine that Units or any Class of Units may be issued only to certain applicants who have agreed to subscribe for a number of Units over a specified period of time.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.3 Subscription for Units (Continued)

Applications for subscription (whether by post or by fax) must be received by the Manager by 12:00 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 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 12:00 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. The Manager may agree to reserve capacity for subscriptions in an agreed amount in the Trust for a certain period of time.

The Trustee may, after prior consultation with the Manager, refuse to process any application for subscription if, in the reasonable opinion of the Trustee, it would be contrary to the interests of the Unitholders as a whole to permit such subscription.

Full details of the application and payment procedures for Units are set out in section 8, headed "Procedure for Application for Units".

No Units will be issued unless and until the subscription monies have been received in full in cleared funds by or on behalf of the Trustee on the relevant Dealing Periods.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.4 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 by completing the prescribed form as provided by the Manager and sent by post to the business address or, if the relevant Unitholder has provided the Manager with an original fax indemnity in the realisation form provided by the Manager, by fax to the fax number shown on the realisation form. 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. Unitholders are reminded that if they choose to send a request by facsimile, they bear their own risk of it not being received. Neither the Manager, the Trustee nor the Registrar's Agent accepts any responsibility for any loss resulting from the nonreceipt or illegibility of any facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile instructions believed in good faith to have originated from properly authorised person. 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.

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 after the Business Day on which the request is received (whether by post or by fax) by the Manager on or before 12:00 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 12:00 p.m. (Hong Kong time) on a Business Day, it will be treated as having been received on the next succeeding Business Day.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.4 Realisation of Units (Continued)

Unitholders should note that realisation monies will not be paid to any Unitholder until 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. No realisation proceeds will be paid to any third party.

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 section 4.8, headed "Suspension of Determination of Net Asset Value", 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.

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. of the Realisation Price per Unit with 1 month's prior written notice to Unitholders. In determining the Realisation Price of any Class of Units, the Manager is entitled to deduct from the Net Asset Value per Unit for the account of the relevant Class, 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.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.4 Realisation of Units (Continued)

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 total number of Units in all Classes realised during any Dealing Period to 10 per cent. of the total number of Units of all Classes 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 total number of Units of all Classes 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 which is less than any 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 of that Class held by that Unitholder.

The Trust will not pay realisation proceeds to any third party. Realisation requests will not be dealt with if the resulting realisation will amount to a violation of any applicable law.

The Trustee may, after prior consultation with the Manager, suspend the right of realisation requests by Unitholders and/or may delay the payment of any monies in respect of any such realisations during any period when, in the reasonable opinion of the Trustee, it would be contrary to the interests of the Unitholders as a whole to continue to allow such realisation.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.5 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. The Manager may, at its absolute discretion, charge the transferor a processing fee of up to HK\$500 in respect of the transfer application, to be retained for the benefit of the Manager.

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 any minimum holding specified by the Manager from time to time in respect of that Class of Units or Units are acquired or held by a Non-Qualified Person or the proposed transfer would result in a violation of any applicable law as described under section 7.6, headed "Restrictions on Unitholders".

4.6 Switching Between Funds

Unitholders have the option to switch all or part of their investments from the Trust to other unit trusts or mutual funds managed by the Manager and/or its fellow subsidiaries which is authorized by the SFC and available for subscription at that time, subject to prevailing load structure of such unit trust/ mutual fund the Unitholders want to switch in ("other available fund"). The switch will be effected by (i) realisation of Units in the Trust, (ii) application of the net realisation proceeds to subscribe units or shares in other available fund on the first following applicable valuation day and (iii) the issue of units or shares of the other available fund provided the provisions on realisation and subscription for the Trust and the other available fund generally apply.

Valid request for switching out Units from the Trust shall be treated as realisation of such Units and for switching into units or shares of the other available fund shall be treated as subscriptions of units or shares of the other available fund. Unitholders shall note that the Valuation Day and the applicable valuation day of the other available fund may differ as cleared funds are needed before units or shares of the other available fund can be issued. The time of issue of such units or shares will thus depend on the time of receipt of the applicable net realisation proceeds in cleared funds by the other available fund. No interest is payable to any Unitholder for the period required to effect a switching.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.6 Switching Between Funds (Continued)

Partial switches must not result in either the Unitholder's balance holding in the Units or his holding in the units or shares of the other available fund to which he is switching being less than any minimum holding of units or shares prescribed by the Manager from time to time in respect of the Trust and the other available fund. If a request for partial switching will result in either of those holdings being less than any such prescribed minimum holding, the switching request will be deemed to be in respect of the Unitholder's entire holding in the Units and the Units will be realised accordingly in their entirety.

Switches can only be effected to funds authorised by the SFC. Information on other available fund can be obtained from the Manager and/or its fellow subsidiaries. Investors are reminded to read and understand the offering document of the other available funds they wish to switch into (available on request from the Manager and/or its fellow subsidiaries) before investing in such funds.

4.7 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 subscription form or realisation form provided by the Manager.

Neither the Manager, the Registrar's Agent 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.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.8 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 for the whole or any part of any period during which:

- (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 any Class or when, for any other reason, the value of any securities or other property for the time being comprised in the Trust Fund 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 Fund 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; or
- (g) the issue, realisation or transfer of Units would result in the violation of any applicable law.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.8 Suspension of the Determination of Net Asset Value (Continued)

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 of the Trust or the Net Asset Value per Unit of any Class or the Issue Price or the Realisation Price per Unit of any Class until the Manager shall after giving notice to the Trustee declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which:

- (i) the condition giving rise to the suspension shall have ceased to exist; and
- (ii) no other condition under which suspension is authorised under this subclause shall exist.

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.

4.9 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.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.9 Calculation and Publication of Net Asset Value (Continued)

If there is, at the relevant time, more than one Class of Units in issue in respect of the Trust, the Manager shall determine:

- (i) the Net Asset Value of each Class (prior to the accrual of fees pursuant to paragraph (ii)) by apportioning the Net Asset Value of the Trust between the Classes in accordance with the aggregate number of undivided shares represented by each Class;
- (ii) deducting therefrom the fees, costs, expenses or other liabilities attributable to that Class in order to arrive at the actual Net Asset Value of each Class; and
- (iii) thereafter calculating the Net Asset Value per Unit of each Class by taking the Net Asset Value of the relevant Class calculated under paragraph (ii) and dividing by the number of Units in issue in the relevant Classes,

all such calculations being with the intent that, by virtue of the adjustment of the number of undivided shares which each Class represents in the Trust the comparative differences in the fees, costs, expenses or other liabilities which, by their terms of issue, are to be borne differently between the Classes, shall be properly reflected in the respective Net Asset Values per Units of each Class.

The Manager is entitled (when determining the Issue Price of Units) to add the fiscal and purchase charges described in section 6.6, headed “Other Expenses” to, and (when determining the Realisation Price of Units) to deduct the fiscal and sale charges also described in section 6.6, headed “Other Expenses” 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.

4. SUBSCRIPTION AND REALISATION OF UNITS (Continued)

4.9 Calculation and Publication of Net Asset Value (Continued)

The Net Asset Value per Unit will be available from the Manager on request and the Net Asset Value per Unit will be published daily 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 accepts any responsibility for any error in publication or for omission of publication of the Net Asset Value per Unit.

4.10 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.

5. 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.

5.1 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 received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 81 of the Trusts Law (2007 Revision) of the Cayman Islands, for a period of 50 years from the date of creation of the Trust, 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.

Although the Trust is not subject to tax in the Cayman Islands, the Trust may be liable for any taxes which may be withheld at source in other countries in respect of income or gains derived from its investments.

5. TAXATION (Continued)

5.2 Hong Kong

The Trust

Profits Tax

The Trust has been authorised by the SFC pursuant to Section 104 of the Securities and Futures Ordinance. Accordingly profits of the Trust arising from the sale or disposal of securities, net investment income received by or accruing to the Trust and other profits of the Trust are exempted from Hong Kong profits tax for so long as the Trust is so authorised.

During the period prior to the Trust becoming so authorised, the Trust may be subject to Hong Kong profits tax at the current rate of 16.5 per cent. in respect of Hong Kong-sourced revenue profits (excluding capital gains) derived from the business it carries on in Hong Kong. Gains from the disposal of securities are generally regarded as being sourced outside of Hong Kong and hence not subject to Hong Kong profits tax if (i) the securities are listed on, and actually traded through, a stock exchange outside of Hong Kong; or (ii) the contracts of purchase and sale of the securities are negotiated and concluded outside Hong Kong.

Stamp Duty

The sale or purchase of Hong Kong stocks by the Trust will be subject to stamp duty in Hong Kong at the current rate of HK\$1 per HK\$1,000 or part thereof of the price or market value of the stocks, whichever is higher, unless specific exemptions apply.

The Unitholders

Profits Tax

No tax will be payable by Unitholders in Hong Kong in respect of income distributions from the Trust or in respect of any gains arising on a sale, realisation or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

5. TAXATION (Continued)

5.2 Hong Kong (Continued)

The Unitholders (Continued)

Stamp Duty

If the register of Unitholders of the Trust is maintained outside Hong Kong, no Hong Kong stamp duty will be payable by the Unitholders on the issue or transfer of Units in the Trust.

If the register of Unitholders of the Trust is maintained in Hong Kong, no Hong Kong stamp duty will be payable by the Unitholders on the issue of Units in the Trust. However, the transfer by Unitholders of Units in the Trust may be subject to stamp duty in Hong Kong, depending on the mode and circumstances of the transfer. The current rate of Hong Kong stamp duty if applicable is HK\$1 per HK\$1,000 or part thereof of the price or market value of the Units, whichever is higher.

5.3 Taiwan

Absent a tax treaty, the rate of Taiwan withholding tax on cash, stock dividends and interest (including that paid on overseas convertible bonds) paid to a FINI is 20%. Taiwan does not currently tax non-residents on capital gains derived from securities transactions.

6. FEES AND EXPENSES

6.1 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 the issue of Units subscribed for on and after the expiration of the Initial Offer Period, and retained for its own use and benefit or, be made and retained by person or persons by or through whom the Units are offered for subscription for their own use and benefit by agreement between the Manager and such person(s). 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 the 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 one month's 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.

6.2 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 at the following rates:

- 0.21 per cent. per annum on the first US\$100 million of the Net Asset Value;
- 0.18 per cent. per annum on the next US\$100 million of the Net Asset Value;
- 0.16 per cent. per annum of the Net Asset Value in excess of US\$200 million

subject to a minimum of US\$8,500 per month.

6. FEES AND EXPENSES (Continued)

6.2 Trustee Fees (Continued)

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.

The Trustee is also entitled to be paid out of the Trust a fixed annual fee of US\$3,000 payable monthly 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, Registrar and Registrar's Agent. All other fees of co-custodians and/or sub-custodians will be paid out of the Trust Fund 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.

6.3 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 the Trust. The Manager will be responsible for the fees of the subinvestment manager and any other delegates it may appoint to provide subinvestment management and advisory services.

6. FEES AND EXPENSES (Continued)

6.3 Management Fee (Continued)

The Manager may, in its absolute discretion, share with, waive, reduce or rebate the payment of all or any portion of the Preliminary Charge, Realisation Charge, management fee and/or performance fee the Manager entitles to any person including intermediaries introducing investors.

6.4 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 last Valuation Day of each financial year (prior to the deduction of any provision for any performance fee and any distribution declared or paid in respect of that performance period) (“**Performance Fee Valuation Day**”) exceeds the higher of (a) the Initial Offer Price; 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 taking into account the subscription and realisation instructions received in respect of the Trust as of the Performance Fee Valuation Day and any distribution declared or paid in respect of that preceding performance period). The rate of performance fee payable is 15 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 2009. 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.

6. FEES AND EXPENSES (Continued)

6.4 Performance Fee (Continued)

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) the Issue Price per Unit during its Initial Offer Period; 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.

The price of Units subscribed for or realised during the relevant performance period will be based on the Net Asset Value per Unit (after accrual of performance fee as calculated in accordance with the above). Depending upon the performance of the Trust during the year, the price at which Unitholders subscribe for or realise Units at different times will be affected by performance of the Trust and this could have a positive or negative effect on the performance fee borne by them.

The Manager may, in its absolute discretion, share with, waive, reduce or rebate the payment of all or any portion of the Preliminary Charge, Realisation Charge, management fee and/or performance fee received by the Manager to any person including intermediaries introducing investors.

6.5 Distributor Fees

Any Preliminary Charge payable upon the application for Units in the Trust and amounting up to 5 per cent. of the respective Issue Price per Unit, shall be paid by the Manager (who may waive the receipt of such payment) for payment of such apportioned amount as may be determined at the Manager's absolute discretion to, and retained for the use and benefit of, any distributors and other intermediaries or dealers through whom the Units are offered for subscription.

6. FEES AND EXPENSES (Continued)

6.6 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, 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 (or its equivalent).

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, but it is not the present intention of the Manager to make any deduction except in the case abnormally large realisations of Units where the realisation proceeds are in excess of US\$2,000,000.

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, auditors and other professionals, 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 expenses incurred in establishing the Trust amounted to approximately US\$30,000, and was borne by the Trust and expensed immediately.

7. GENERAL INFORMATION

7.1 Distribution Policy

The primary objective of the Trust is capital growth and dividends are of secondary importance. Any distributable profits of the Trust may be accumulated or distributed by the Manager, in its absolute discretion in accordance with the provisions of the Trust Deed. Generally, the Manager does not intend to make any distribution for the Trust. If distributions are made, unless Unitholders indicate otherwise to the Manager, any such distributions will automatically be reinvested in further Units in the Trust to be issued to such Unitholders in proportion to the number of Units held by them on the Distribution Date defined below. The aggregate amount available for distribution shall be determined and calculated by the Manager as a percentage of the income of the Trust. The income of the Trust for such purposes shall include all interest, dividends and other amounts usually considered to be in the nature of income and shall be subject to such adjustments as the Manager may think fit.

The amount of any distribution will be calculated once a year on the distribution date (“**Distribution Date**”), which will fall on the Valuation Day which coincides with the last Business Day of the second quarter in each calendar year, with any such distribution being made to Unitholders as soon as practicable thereafter. Unitholders may specify, either on subscription or at a later stage, by giving notice in writing to the Manager, that if a distribution is declared by the Manager they wish to receive a cash dividend. Such a notice must be received by the Manager on a Business Day which is at least 14 days prior to a Distribution Date in order for a cash dividend, if any, to be payable on that Distribution Date. If such a notice is received less than 14 days prior to the Distribution Date, and a distribution is declared by the Manager, no cash dividend will be paid in respect of that Distribution Date and the notice shall be dealt with by reference to the Valuation Day coinciding with the next Distribution Date. If a Unitholder does not request cash dividends, either on subscription or by notice prior to the Distribution Date as aforesaid, or any such notice is not received by the Manager within the specified date, the dividend to which the Unitholder is entitled will be reinvested in further Units in the Trust to be issued to such Unitholders. 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 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.

7. GENERAL INFORMATION (Continued)

7.1 Distribution Policy (Continued)

The exact amount of any cash dividend payable to a Unitholder will be determined by the Manager and will equal, in relation to an individual Unitholder, the relevant portion of the distributable profits attributable to the number of Units in the Trust held by that Unitholder on the Distribution Date, net of all fees and expenses which relate to the Trust and which are attributable to such Units. Distributable profits shall include any income received in respect of the underlying investments by way of interest or dividend, but shall not include any capital gain realised on their sale.

7.2 Trust Deed

The Trust was constituted by a trust deed dated 30 January 2008, as amended from time to time, entered into between Value Partners Hong Kong 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.

7.3 Report, Accounts and Statements

The financial year end of the Trust is 30 June in each year. Audited accounts of the Trust, prepared according to IFRS (save that the establishment costs of the Trust may be amortised), will be sent to Unitholders within four months of the financial year-end. The Manager will also prepare unaudited semi-annual reports for the first six calendar months ending on 31 December 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. The first audited annual report of the Trust will be published for the period ending 30 June 2009 and the unaudited semiannual report will be published for the period ending 31 December 2008.

7. GENERAL INFORMATION (Continued)

7.3 Report, Accounts and Statements (Continued)

Investors should note that the Trust's valuation and accounting policies, in some circumstances, may not necessarily comply with IFRS. To the extent that the valuation and accounting policies adopted deviate from IFRS, the Trustee after prior consultation with the Manager may be required to make adjustments in the annual financial statements of the Trust in order that such statements comply with IFRS. Non-compliance with IFRS may result in the Trust's auditors issuing a qualified or an adverse opinion on the Trust's annual financial statements depending on the nature and level of materiality of the non-compliance.

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.

7.4 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.

The Trust may be terminated by the Trustee by giving up to three months' prior notification to Unitholders 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

7. GENERAL INFORMATION (Continued)

7.4 Duration and Termination of the Trust (Continued)

- (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\$10,000,000; 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.

7.5 Conflicts of Interest

The Manager and the Trustee may, from time to time, act as manager, subinvestment manager, investment adviser, sub-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.

7. GENERAL INFORMATION (Continued)

7.5 Conflicts of Interest (Continued)

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 or any Connected Person 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 or the Connected Person.
- (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.

7. GENERAL INFORMATION (Continued)

7.5 Conflicts of Interest (Continued)

- (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, any or other delegate nor any Connected Person of any of them 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.

7. GENERAL INFORMATION (Continued)

7.5 Conflicts of Interest (Continued)

The Manager and/or any company associated with it and its delegates may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Trust (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (“brokers”) provided that the quality of transaction execution is consistent with best execution standards. While the Manager will seek best execution with respect to investments for the Trust, the Manager will consider many judgmental factors when deemed relevant in determining whether a broker will provide best execution, including the provision of research products and investment ideas and introductory to potential investee companies which are for the benefit of the Trust, and service that it may receive. Examples of research products and services that the Manager may receive from brokers include analyses and reports concerning industries, securities and, economic factors and trends. The Manager does not, however, enter into formal soft dollar commission arrangements (except arrangements where execution and research are bundled together for the same commission rate) with brokers. As such, the Manager does not enter into any agreement or understanding with a broker that would obligate the Manager to direct a specific amount of brokerage transactions or commissions in return for research (or comparable) services. The Manager may pay brokers commissions for effecting portfolio transactions in excess of amounts other brokers would have charged for effecting similar transactions if the Manager determines in good faith that such amounts are reasonable in relation to the value of the services provided, viewed in terms of the particular transaction or the Manager’s overall duty to its clients.

7. GENERAL INFORMATION (Continued)

7.6 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 U.S. Person;
- (b) any individual under the age of 18;
- (c) any person whose holding of Units would be a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed 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;
- (d) any person or persons, in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the Manager's opinion, may result in the Trust incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or other Unitholders might not otherwise have incurred or suffered;
- (e) any person who is resident or domiciled in the Cayman Islands;
- (f) PRC nationals or residents or entities incorporated, established or formed in the PRC;
- (g) any person in breach of, or reasonably deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including, but not limited to, the issue of any warranty or supporting document required to be given to the Registrar or the Manager;

7. GENERAL INFORMATION (Continued)

7.6 Restrictions on Unitholders (Continued)

- (h) a Restricted Person; and
- (i) such other Non-Qualified Persons as may be determined by the Manager from time to time.

If it comes to the notice of the Manager that any Units are so held by any such 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 Non-Qualified Person.

7.7 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.

7. GENERAL INFORMATION (Continued)

7.7 Voting Rights (Continued)

Unless a poll is demanded by the Chairman or one or more Unitholders present in person or by proxy registered as holding 5.0 per cent. 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 Trust Deed and, in particular, so that votes shall be proportionate to the number of Units held.

7.8 Anti-Money Laundering Regulations

The Fund, the Trustee, the Manager, the Custodian, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) are required to act in accordance with the laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to, amongst other things, the prevention of money laundering, terrorist financing and the provision of financial and other services to any persons or entities which may be subject to sanctions. The Fund, the Trustee, the Manager, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) may take any action which in their sole and absolute discretion they consider it appropriate to take in accordance with all such laws, regulations and requests.

7. GENERAL INFORMATION (Continued)

7.8 Anti-Money Laundering Regulations (Continued)

In order to comply with regulations aimed at the prevention of money laundering, the Trustee, the Manager, the Custodian, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) will require verification of identity from all prospective investors (unless in any case they are satisfied that an exemption under the Money Laundering Regulations (2006 Revision) 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.

In addition, the Manager, its affiliates, subsidiaries or associates (as the case may be) will also require similar verification of identity according to the Prevention of Money Laundering and Terrorist Financing Guidance Note from time to time issued by the SFC.

The Trustee, the Manager, the Custodian, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) also reserve the right to request such information as is necessary to verify the source of the payment. 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.

7. GENERAL INFORMATION (Continued)

7.8 Anti-Money Laundering Regulations (Continued)

If any person resident in the Cayman Islands knows or suspects that another person is engaged in money laundering or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of their business the person will be required to report such belief or suspicion to either the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Criminal Conduct Law (2007 Revision) if the disclosure relates to money laundering or to a police officer of the rank of constable or higher if the disclosure relates to involvement with terrorism or terrorist property, pursuant to the Terrorism Law, 2003, of the Cayman Islands. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

In Hong Kong, there are similar obligations to report suspicious transactions to the Joint Financial Intelligence Unit jointly run by staff of the Hong Kong Police Force and the Hong Kong Customs & Excise Department pursuant to the Drug Trafficking (Recovery of Proceeds) Ordinance, the Organized and Serious Crimes Ordinance, the United Nations (Anti-Terrorism Measures) Ordinance and the Prevention of Money Laundering and Terrorist Financing Guidance Note issued by the SFC. Reporting of suspicious transactions by the Trustee, the Manager, the Custodian, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) shall not be communicated with the investor, as such action may constitute an offence in Hong Kong.

7.9 Regulation of the Trust in the Cayman Islands

The Trust is regulated as a mutual fund under the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the Cayman Islands Monetary Authority (the “**Monetary Authority**”). However, the Trust will not be subject to supervision in respect of its investment activities or the constitution of the Trust’s portfolio by the Monetary Authority or any other governmental authority in the Cayman Islands, although the Monetary Authority does have power to investigate the activities of the Trust in certain circumstances. Neither the Monetary Authority nor any other governmental authority in the Cayman Islands has passed upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

7. GENERAL INFORMATION (Continued)

7.9 Regulation of the Trust in the Cayman Islands (Continued)

As a regulated mutual fund, the Trust is 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. Failure to comply with these requests by the Monetary Authority may result in substantial fines on the part of the Trustees and may result in the Monetary Authority applying to the court to have the Trust wound up.

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 the power to require the substitution of the Trustee, to appoint a person to advise the Trustee on the proper conduct of the Trust's 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 court for approval of other actions.

7.10 Material Agreements

Copies of the Trust Deed pursuant to which the Trust was constituted (and all deeds supplemental there to (if any)) 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 Manager's place of business in Hong Kong during normal business hours.

8. PROCEDURE FOR APPLICATION FOR UNITS

8.1 Method of Application

Initial applications for subscription of Units must be made on the subscription form which accompanies this Explanatory Memorandum (and which is also available from the Manager). Applications for subsequent subscriptions of Units must also be made on a subscription form, the form of which is stipulated by the Manager. 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.

All initial applications for subscription of Units sent by fax must be followed by duly signed original applications for subscription. For subsequent applications for subscription of Units sent by fax, duly signed original applications for subscription is not required (unless requested by the Manager) provided that the applicant has previously provided the Manager with an original fax indemnity in the subscription form as provided by the Manager. Units were issued at the Initial Offer Price in respect of subscription forms and cleared subscription monies which were received by the Registrar's Agent prior to the close of the Initial Offer Period. Subscription forms and/or cleared subscription monies which were received after that time will be carried forward and dealt with on the next Dealing Day. Subscription monies were not invested by the Trust until after the last day of the Initial Offer Period. Interest earned on subscription monies, if any, were accrued for the benefit of the Trust. Following the close of the Initial Offer Period, subscription forms and cleared subscription monies which are received after 12:00 pm (Hong Kong time) of each Dealing Period will be carried forward and dealt with on the next Dealing Day and Units issued accordingly by reference to that later Dealing Day.

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) to the applicant by cheque or telegraphic transfer at the cost and risk of the applicant.

8. PROCEDURE FOR APPLICATION FOR UNITS (Continued)

8.2 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 or who does not fall within any statutory exemption from the requirement to be licensed or registered to carry on the regulated activity of dealing in securities under Part V of the Hong Kong Securities and Futures Ordinance. All subscription monies must originate from an account held in the name of the applicant. Third party payment will not be 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 per Unit, determined as at the close of the Dealing Period during which monies are actually received.

Units will be issued on each Dealing Day (i.e. the Business Day immediately following the end of each Dealing Period), except for subscription during the Initial Offer Period when Units will be issued on the last day of the Initial Offer Period. No Units will be issued unless and until the subscription monies have been received in full in cleared funds by or on behalf of the Trustee on the relevant Dealing Periods.

8. PROCEDURE FOR APPLICATION FOR UNITS (Continued)

8.2 Payment Procedure (Continued)

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 New York (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 Taiwan Fund

DDA No.: 00831925

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

The Hongkong and Shanghai Banking Corporation Limited
(SWIFT Address: HSBCHKHKKH)
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 Taiwan Fund

DDA No.: 00831925

- (c) in US dollars by HK CHATS (net of bank charges) to:

The Hongkong and Shanghai Banking Corporation Limited
(SWIFT Address: HSBCHKHKKH)
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 Taiwan Fund

DDA No.: 00831925

8. PROCEDURE FOR APPLICATION FOR UNITS (Continued)

8.2 Payment Procedure (Continued)

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: BTFECHKHH) 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 dollar or HK dollars to be received in Hong Kong prior to 5:00 p.m. (Hong Kong time) on the last Business Day of the initial offer period or prior to 12:00 p.m. (Hong Kong time) on 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.

- (d) in cheques or bankers drafts/cashier orders:

Payable to “HSBC Institutional Trust Services (Asia) Limited” (crossed “ACCOUNT PAYEE ONLY NOT NEGOTIABLE”) with the name of the Trust and the applicant written on the back. Subscribers should bank in the cheques/bankers drafts/cashier orders at bank branches.

If payment is made by bankers draft/cashier order, proof of the purchaser of the bankers draft/cashier order must be provided to the Manager. Bank certification or bank advice is acceptable. If payment is made by cheque deposit to the account as set out in paragraph 1(d) above, source of payment (e.g. cheque copy) must be provided with the bank pay-in-slip which should be dated on such date that at least two Business Days in Hong Kong before the last day of such Dealing Period. Applicant’s name shall be written on the bank pay-in-slip or remittance advice and must be returned to the Manager with the Subscription Form.

Please note that any cheque, bankers drafts or cashier orders other than Hong Kong Dollars is not accepted.

8. PROCEDURE FOR APPLICATION FOR UNITS (Continued)

8.2 Payment Procedure (Continued)

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).

Value Partners Hong Kong 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 Website: www.valuepartners.com.hk

VALUE PARTNERS TAIWAN FUND (the “Trust”) ADDENDUM

Important

If you are in doubt about the contents of this Addendum, you should consult your stock broker, bank manager, solicitor, accountant or other independent financial adviser.

This Addendum forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008 (“Explanatory Memorandum”). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 13 August 2008, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein, the Directors of Value Partners Hong Kong Limited, the Manager of the Trust accept responsibility for the information contained in this Addendum as being accurate as at the date of publication.

Dealing Periods

1. The fifth and sixth paragraphs under the section headed “4.2 Dealing Periods” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“At present, Dealing Periods are periods which commence at the end of the preceding Dealing Period and end at 5:00 p.m. (Hong Kong time) on each Valuation Day. Units will be issued on a Dealing Day (i.e. the Business Day immediately following the end of a Dealing Period).

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 the Valuation Day as determined by the Manager.”

Subscription for Units

2. The eighth paragraph under the section headed “4.3 Subscription for Units” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“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 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. The Manager may agree to reserve capacity for subscriptions in an agreed amount in the Trust for a certain period of time.”

3. **With immediate effect**, the eleventh paragraph under the section headed “4.3 Subscription for Units” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“No Units will be issued unless and until the subscription monies have been received in full in cleared funds by or on behalf of the Trustee on the relevant Dealing Periods, or within such period as the Manager may, in its absolute discretion determine (which shall not be more than 3 Business Days).”

Realisation of Units

4. The fourth paragraph under the section headed “4.4 Realisation of Units” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“Applications for realisation (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. The Realisation Price per Unit will be the Net Asset Value per Unit calculated as at that Valuation Day. Valid applications for realisation 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.”

Method of Application

5. The second paragraph under the section headed “8.1 Method of Application” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“All initial applications for subscription of Units sent by fax must be followed by duly signed original applications for subscription. For subsequent applications for subscription of Units sent by fax, duly signed original applications for subscription is not required (unless requested by the Manager) provided that the applicant has previously provided the Manager with an original fax indemnity in the subscription form as provided by the Manager. Units were issued at the Initial Offer Price in respect of subscription forms and cleared subscription monies which were received by the Registrar's Agent prior to the close of the Initial Offer Period. Subscription forms and/or cleared subscription monies which were received after that time will be carried forward and dealt with on the next Dealing Day. Subscription monies were not invested by the Trust until after the last day of the Initial Offer Period. Interest earned on subscription monies, if any, were accrued for the benefit of the Trust. Following the close of the Initial Offer Period, subscription forms and subscription monies which are received after 5:00 pm (Hong Kong time) of each Dealing Period will be carried forward and dealt with on the next Dealing Day and Units issued accordingly by reference to that later Dealing Day.”

Payment Procedure

6. **With immediate effect**, the second paragraph under the section headed “8.2 Payment Procedure” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“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 per Unit, determined as at the close of the Dealing Period during which monies are actually received or within such period as the Manager may, in its absolute discretion determine (which shall not be more than 3 Business Days).”

7. **With immediate effect**, the third paragraph under the section headed “8.2 Payment Procedure” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“Units will be issued on each Dealing Day (i.e. the Business Day immediately following the end of each Dealing Period), except for subscription during the Initial Offer Period when Units will be issued on the last day of the Initial Offer Period.”

8. The sixth paragraph under the section headed “8.2 Payment Procedure” in the Explanatory Memorandum shall be deleted and replaced in its entirety by the following:-

“Please note that for cleared funds in US dollar or HK dollars to be received in Hong Kong prior to 5:00 p.m. (Hong Kong time) on the last Business Day of the initial offer period or prior to 5:00 p.m. (Hong Kong time) on 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.”

9. **With immediate effect**, the following paragraph shall be added after the last paragraph under the section headed “8.2 Payment Procedure” in the Explanatory Memorandum:-

“The Manager may exercise its discretion to accept late payment of subscription money, provisionally allots Units by reference to the Net Asset Value of the relevant class of Units in the Trust and charge interest on such overdue money until payment is received in full, at such rate as the Manager thinks appropriate. However if payment of subscription money is not made within such period as determined by the Manager (which shall not be more than 3 Business Days), the Manager or Trustee may cancel such issue of Units.”

12 July 2008

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**VALUE PARTNERS TAIWAN FUND (the “Trust”)
ADDENDUM**

Important

If you are in doubt about the contents of this Addendum, you should consult your stock broker, bank manager, solicitor, accountant or other independent financial adviser. This Addendum forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008 and the addendum dated 12 July 2008 (“Explanatory Memorandum”). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 29 August 2008, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. The Directors of Value Partners Hong Kong Limited, the Manager of the Trust accept responsibility for the information contained in this Addendum as being accurate as at the date of publication.

1. The third and fourth paragraphs on page 4 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

"Value Partners Taiwan Fund is an open-ended unit trust constituted under the laws of the Cayman Islands by a Trust Deed dated 30 January 2008, as amended from time to time, 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 (2007 Revision) of the Cayman Islands and is regulated by the Cayman Islands Monetary Authority at P.O. Box 10052, 80e Shedden Road, Elizabethan Square, Grand Cayman KY1-1001, Cayman Islands.

The Trust is authorised by the Securities and Futures Commission in Hong Kong at 8th Floor, Chater House, 8 Connaught Road Central, Hong Kong, under Section 104 of the Hong Kong Securities and Futures Ordinance but authorisation does not imply official approval or recommendation by the SFC. 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."

2. The entire section headed “People’s Republic of China” on page 5 of the Explanatory Memorandum shall be deleted.
3. The fifth paragraph on page 6 of the Explanatory Memorandum under the section headed “United States of America” shall be deleted in its entirety.
4. The following paragraph shall be added after the last paragraph on page 6 of the Explanatory Memorandum:

"Singapore

This Explanatory Memorandum has not and will not be registered as a memorandum with the Monetary Authority of Singapore (“MAS”) as the Trust will be invoking the exemptions from

compliance with prospectus requirements pursuant to the exemptions under Section 304 and Section 305 of the Securities and Futures Act (Cap. 289) of Singapore ("**SFA**"). The MAS assumes no responsibility for the contents of this Explanatory Memorandum.

The offer which is the subject of this Explanatory Memorandum is not allowed to be made to the retail public. This Explanatory Memorandum is not a memorandum as defined in the SFA. Accordingly statutory liability under that Act in relation to the content of memorandums would not apply. You should consider carefully whether the investment is suitable for you.

Recipients of this Explanatory Memorandum in Singapore should note that the offering of the Units is subject to the terms of this Explanatory Memorandum and the SFA. Accordingly the Units may not be offered or sold, nor may this Explanatory Memorandum or any other document or material in connection with the offer or sale of such Units be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A(1)(c) of the SFA) (each an "**Institutional Investor**"), (ii) to a relevant person as defined in Section 305 of the SFA or any person pursuant to an offer referred to in Section 305(2) of the SFA (each a "**Relevant Investor**") and in accordance with the conditions specified in Section 305 of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Subject to all other restrictions on transferability imposed by the Trust, recipients of this Explanatory Memorandum represent and warrant that where the Units are initially acquired pursuant to an offer made in reliance on an exemption under:

- (a) Section 304 of the SFA by an Institutional Investor, subsequent sales of the Units may only be made to another Institutional Investor; and
- (b) Section 305 of the SFA by a Relevant Investor, subsequent sales of the Units may only be made to an Institutional Investor or another Relevant Investor,

In addition, it should be noted that where the Units are initially acquired pursuant to an offer made in reliance on an exemption under Section 305 of the SFA by:

- (1) a corporation referred to in Section 305A(2) of the SFA (a "**Relevant Corporation**"), the securities of the Relevant Corporation shall not be transferred within 6 months after the Relevant Corporation has acquired any Units unless the transfer is in accordance with the conditions of Section 305A(2) of the SFA; and
- (2) a trust referred to in Section 305A(3) of the SFA (a "**Relevant Trust**"), the rights and interest (howsoever described) of the beneficiaries thereof in the Relevant Trust shall not be transferred within 6 months after any Units have been acquired for the Relevant Trust unless the transfer is in accordance with the conditions of Section 305A(3) of the SFA.

Investors should therefore ensure that their own transfer arrangements comply with the restrictions. Investors should seek legal advice to ensure compliance with the above arrangement.

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

5. The first paragraph under the section headed "1.1 Manager" shall be deleted and replaced in its entirety by the following:

"Value Partners Hong Kong Limited is a company incorporated with limited liability in Hong Kong on 10 May 1999. It is licensed under the Hong Kong Securities and Futures Ordinance and regulated by the Hong Kong Securities and Futures Commission at 8th Floor, Chater House, 8 Connaught Road Central, Hong Kong to carry on regulated activities of dealing in securities, advising on securities, advising on futures contracts and asset management in Hong Kong. It is a wholly-owned subsidiary of Value Partners Group Limited."

6. The first paragraph under the section headed "1.2 Trustee, Registrar, Administrator and Custodian and Registrar's Agent" shall be deleted and replaced in its entirety by the following:

Bank of Bermuda (Cayman) Limited was incorporated in the Cayman Islands in 1988 and is a licensed trust company under the Banks and Trust Companies Law (Revised) and a licensed mutual fund administrator pursuant to the Mutual Funds Law and is regulated by the Cayman Islands Monetary Authority at P.O. Box 10052, 80e Shedden Road, Elizabethan Square, Grand Cayman KY1-1001, Cayman Islands. **HSBC Institutional Trust Services (Asia) Limited** was incorporated in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance in Hong Kong, and approved by the Mandatory Provident Funds Authority at 5/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong to provide trustee services for Hong Kong mandatory provident fund schemes. Both the Trustee and the Registrar's Agent are indirect wholly owned subsidiaries of HSBC Holdings plc, a public company incorporated in England and Wales. The HSBC Group is one of the largest banking and financial services organisations in the world with well-established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. Nothing herein or in the Trust Deed shall in any case in which the Trustee has failed to show the degree of diligence and care required of it by the provisions of the Trust Deed, exempt the Trustee from or indemnify it against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to the Trustee in respect of any negligence, default, breach of duty or trust of which it may be guilty in relation to its duties. The Trustee shall however not be under any liability except such liability as may be expressly imposed by the Trust Deed, nor shall it (save as the Trust Deed otherwise appears) be liable for any act or omission of the Manager. Subject as provided in the Trust Deed, the Trustee shall be entitled for the purpose of indemnity against any action, costs, claims, damages, expenses or demands (other than those arising out of any liability or obligation to the Unitholders imposed on the Trustee pursuant to the laws of the Cayman Islands or the Trust Deed) to which it may be put as Trustee to have recourse to the Trust Fund or any part thereof.

29 August 2008

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

NOTICE TO UNITHOLDERS

Value Partners Taiwan Fund

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 address of the Manager in the Fund's Explanatory Memorandum, 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 Hong Kong Limited

This Notice supplements and should be read together with the Explanatory Memorandum and Addendums (if applicable) of the Fund. These documents should be read, and together construed, as one document prior to the availability of the revised Explanatory Memorandum and Addendums (if applicable) of the Fund.

NOTICE TO UNITHOLDERS

Value Partners Taiwan Fund (the "Fund")

27 October 2009

Dear Unitholders

Re: Resignation and appointment of Director of the Manager

Thank you for your support in the Fund.

We write to inform that with effect from 8 October 2009, Mr. Ngan Wai Wah, Franco has resigned as Director of the Manager. Mr. So Louis Chun Ki has been appointed as the new Director of the Manager.

Consequently, the profile of Mr. Ngan Wai Wah, Franco in the Explanatory Memorandum ("EM") will be deleted and replaced with the following:-

"So Louis Chun Ki


Mr. So is involved in all aspects of the investment process of the Manager, including portfolio management. He joined Value Partners group of companies, of which the Manager is one of the members, in May 1999 as an analyst and was later promoted to Fund Manager, Senior Fund Manager and is now the Deputy Chief Investment Officer. He received a Bachelor's of Commerce degree from the University of Auckland and a Master's degree in Commerce from the University of New South Wales."

This Notice constitutes an amendment to the Fund's 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 Hong Kong Limited

Value Partners Taiwan Fund (the “Fund”)
(an opened-ended unit trust constituted under the laws of the Cayman Islands)

ADDENDUM
to the
Explanatory Memorandum of the Fund dated 8 May 2008 <as amended>
(the “EM”)

Important

If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

This Addendum supplements and should be read together with the EM. This Addendum is authorised for distribution only when accompanied by EM.

Words and expressions defined in the EM shall have the same meanings in this Addendum. All other provisions contained in the EM, unless inconsistent with the provisions set forth in this Addendum shall continue to apply.

Change of Address of HSBC Institutional Trust Services (Asia) Limited

Due to the change of address of HSBC Institutional Trust Services (Asia) Limited, all references to the address of HSBC Institutional Trust Services (Asia) Limited are amended accordingly and the address has been changed to 1 Queen’s Road Central, Hong Kong.

Change of Address of Bank of Bermuda (Cayman) Limited

Due to the change of address of Bank of Bermuda (Cayman) Limited, all references to the address of Bank of Bermuda (Cayman) Limited are amended as below.

Bank of Bermuda (Cayman) Limited

PO Box 513, HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

Dated: 22 March 2010

**VALUE PARTNERS TAIWAN FUND (the “Trust”)
ADDENDUM**

Important

If you are in doubt about the contents of this Addendum, you should seek independent professional financial advice. This Addendum forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008 (“Explanatory Memorandum”). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 25 June 2011, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. Value Partners Hong Kong Limited, the Manager of the Trust, accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Addendum misleading.

1. The first paragraph on page 4 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“The information contained in this Explanatory Memorandum has been prepared to assist potential investors in making an informed decision in relation to investing in the Trust. It contains important facts about the Trust whose units are offered in accordance with this Explanatory Memorandum. A product key facts statement which contains the key features and risks of the Trust is also issued by the Manager and such product key facts statement shall form part of this Explanatory Memorandum, and shall be read in conjunction with this Explanatory Memorandum.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. The Manager also confirms that this Explanatory Memorandum includes particulars given in compliance with the Code on Unit Trusts and Mutual Funds and the “Overarching Principles” of the SFC Handbook for the Unit Trusts and Mutual Funds, Investment-Linked Assurances Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the units of the Trust. Unless otherwise indicated herein, the opinions expressed in this Explanatory Memorandum are only those of the Manager.”

2. The third paragraph on page 4 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“The Trust has been authorised by the Securities and Futures Commission in Hong Kong under Section 104 of the Hong Kong Securities and Futures Ordinance. SFC authorisation is not a recommendation or endorsement of the Trust nor does it guarantee the commercial merits of the Trust or its performance. It does not mean the Trust is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.”

3. After the fourth paragraph on page 7 of the Explanatory Memorandum, the following should be inserted:

“Enquiries or complaints

Investors may contact the Manager for any queries or complaints in relation to the Trust by writing to the Manager’s address at 9th Floor, Nexxus Building, 41 Connaught Road Central, Hong Kong, or by telephone at (852) 2880 9263. The Manager will respond to the enquiry or complaint as soon as practicable.”

4. The registered and business address of the Manager on page 8 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

*“Registered and Business Address:
9th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong”*

5. The principal office of Bank of Bermuda (Cayman) Limited on page 8 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“Bank of Bermuda (Cayman) Limited
P.O. Box 513
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands”

6. The Legal Advisers to the Manager with respect to Hong Kong law on page 8 of the Explanatory Memorandum should be inserted with the following:

To the Manager with respect to Hong Kong law
“Mallesons Stephen Jaques
13th Floor, Gloucester Tower
The Landmark
15 Queen’s Road Central
Central, Hong Kong”

7. The Legal Advisers to the Manager with respect to Cayman Islands law on page 8 of the Explanatory Memorandum should be inserted with the following:

To the Manager with respect to Cayman Islands law
“Maples and Calder
53rd Floor, The Center
99 Queen’s Road Central
Hong Kong”

8. The biographies of CHEAH Cheng Hye and NGAN Wai Wah under section headed “Management and Administration” on page 18-19 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“CHEAH Cheng Hye – Mr. Cheah is Chairman and Co-Chief Investment Officer of Value Partners. He is in overall charge of Value Partners’ operations, and is actively engaged in all aspects of the group’s activities, including investment research, fund management, business and product development and corporate management. He sets the group’s overall business and portfolio strategy. Mr. Cheah has been in charge of Value Partners since he co-founded the firm in February 1993 with his partner, Mr. V-Nee Yeh. Throughout the 1990s, he held the position of Chief Investment Officer and Managing Director of Value Partners, responsible for managing both the firm’s funds and the firm’s business operation. He led Value Partners to a successful listing on the Hong Kong Stock Exchange in 2007, the first and only asset-management company listed in Hong Kong. Mr. Cheah has more than 30 years of investment experience, and is considered one of the leading practitioners of value-investing in Asia and beyond. Value Partners and he personally have received numerous awards. Mr. Cheah was named in October 2010 by AsianInvestor as one of the Top-25 Most Influential People in Asian Hedge Funds. In 2009, he

was named by AsianInvestor as one of the 25 Most Influential People in Asian Asset Management. He was also named as “Capital Markets Person of the Year” by FinanceAsia in 2007, and he was voted the “Most Astute Investor” in the Asset Benchmark Survey, in October 2003. Prior to starting Value Partners, Mr. Cheah worked at Morgan Grenfell Group in Hong Kong, where, in 1989, he founded the Company’s Hong Kong/China equities research department, with the position of Head of Research and proprietary trader for the firm. Prior to this, he was a financial journalist with the Asian Wall Street Journal and Far Eastern Economic Review, where he reported on business and finance news across East and Southeast Asia markets.

SO Chun Ki Louis – Mr. So joined Value Partners in May 1999 as an analyst and was later promoted to Fund Manager, Senior Fund Manager and Deputy Chief Investment Officer and is now the Co-Chief Investment Officer of Value Partners. He graduated from the University of Auckland, New Zealand with a degree in Commerce in April 1997 and from the University of New South Wales, Australia with a Masters degree in Commerce in October 1998.”

9. Before clause 2.8 on page 29 of the Explanatory Memorandum, the following should be inserted:

“All collateral shall be marked-to-market daily. Collateral for securities provided by a counterparty may be enforced by the Trust in the event of default specified under the relevant security lending agreement, such as in the event of the counterparty’s insolvency.”

10. After the last paragraph on page 29 of the Explanatory Memorandum, the following should be inserted:

“2.9 Risk Management Policy

To manage the risks arising from the use of derivative instruments, the Manager intends to monitor participation and positions in such derivative instruments closely and will ensure that a suitable risk management process is employed which is commensurate with the Trust’s risk profile.

Investments in derivative instruments would normally be monitored and controlled by the Manager with regular marked-to-market valuations, careful research prior to investment and compliance monitoring. A risk management team of the Manager will undertake risk management control functions.”

11. The paragraph under the heading “Investment Risk” on page 30 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“There is no guarantee that in any time period, particularly in the short term, the Trust’s portfolio will achieve any capital growth or even to maintain its current value. Investors should be aware that the value of Units may fall as well as rise.

Whilst it is the intention of the Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in the Trust. As a result, each investor should carefully consider whether it can afford to bear the risks of investing in the Trust.

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. As a result, price movements in those companies may be more volatile. Transaction costs on dealing with securities of smaller capitalisation companies can be higher than those of larger capitalisation companies and there may be less liquidity which may constrain the Manager's ability to realise some or all of the Trust's portfolio."

12. The paragraph under the heading "Active Investment Management" on page 30 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

"The Trust will rely upon the Manager in formulating the investment strategies and its performance is largely dependent on the continuation of an agreement with the Manager and the services and skills of their respective officers and employees. The Trust's investments will not track a particular share index or other predetermined 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. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case the insolvency of the Manager, the Trust may not find successor managers quickly and the new appointment may not be on equivalent terms or of similar quality. Therefore, the occurrence of those events could cause a deterioration in the Trust's performance and investors may lose money in those circumstances."

13. The paragraph under the heading "Currency Exchange Risk" on page 31-32 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

"The assets of the Trust will be invested in Taiwanese securities and some of the income of the Trust will be received in Taiwanese Dollars. As the Trust is denominated in US dollars, the performance of the assets of the Trust will be affected by movements in the exchange rates between Taiwanese Dollars and US dollars, and any changes in exchange control regulations which may cause difficulties in the repatriation of funds. The Trust may, but is not obliged to seek to hedge foreign currency risks. On the other hand, failure to hedge foreign currency risks may result in the Trust suffering from exchange rate fluctuations."

14. The paragraph under the heading "Equity Linked Noted and other Derivative Instruments" on pages 35 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

"The Trust may invest in the investment targets of the Trust through equity linked notes and other derivative instruments, including investments in participation notes ("Derivative Instruments"). The Trust may also use Derivative Instruments for hedging purposes. Derivative Instruments may not be listed and are subject to the terms and conditions imposed by their issuer. There is no active market in Derivative Instruments and therefore investment in Derivative Instruments can be illiquid. In order to meet realisation requests, the Trust relies upon the issuer of the Derivative Instruments to quote a price to unwind any part of the Derivative Instruments that will reflect the market liquidity conditions and the size of the transaction. There is a risk that the issuer of the Derivative Instruments will not settle a transaction due to a credit or liquidity problem and the Trust may suffer a total loss of the Trust's interest in the Derivative Instruments.

An investment in the Derivative Instruments does not entitle the Derivative Instruments holder to the beneficial interest in the shares underlying the Derivative Instruments nor to make any claim against the company issuing the shares. There can be no assurance that the price of the Derivative Instruments will equal the underlying value of the company or securities market that it may seek to replicate.

Compared to conventional securities, such as shares and debt securities, Derivative Instruments with leveraging effect (such as futures and warrants) can be more sensitive to changes in interest rates or to sudden fluctuations in market prices. As a result, a relatively small price movement in the value of the underlying asset of such Derivative Instrument may result in immediate and substantial loss (or gain) to the Trust. Therefore, the Trust's losses may be greater if it invests in such Derivative Instruments than if it invests only in conventional securities such as shares and debt securities. The exposure of the Trust to Derivative Instruments is subject to the applicable investment restrictions set out in this Explanatory Memorandum."

15. The section headed "Risk Relating to War or Terrorist Attacks" and the paragraph below such heading on page 35 of the Explanatory Memorandum should be deleted in its entirety and subsequent sections should be renumbered accordingly.
16. The paragraph under the heading "Performance Fee" on page 36 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

"The performance fee payable to the Manager may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors should note that the management fee and performance fee payable to the Manager are based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised by the Trust.

There is no equalisation arrangement in respect of the calculation of the performance fees. As there is no adjustment of equalisation credit or equalisation losses on an individual Unitholder basis, a Unitholder may incur a performance fee notwithstanding the Unitholder may have suffered a loss in investment in the Units. On the other hand, a Unitholder may not be subject to any performance fee notwithstanding the Unitholder concerned may have realised a gain in investment in the Units."

17. After the second paragraph on page 57 of the Explanatory Memorandum, the following should be inserted:

"There is no equalisation arrangement in respect of the calculation of the performance fees. That means, there is no adjustment of equalisation credit or equalisation losses on an individual Unitholder basis based on the timing the relevant Unitholder subscribes or realises the relevant Units during the course of a performance period. The Unitholder may be advantaged or disadvantaged as a result of this method of calculating the performance fee.

A charge of performance fee may have been borne by a Unitholder notwithstanding the Unitholder concerned may have suffered a loss in investment in the Units. On the other hand, a Unitholder may not be subject to any performance fee notwithstanding the Unitholder concerned may have realised a gain in investment in the Units."

18. After the first paragraph below the heading "Trust Deed" on page 60 of the Explanatory Memorandum, the following should be inserted:

"Copies of the Trust Deed are available from the Manager at such price as the Manager may from time to time determine or may be inspected during normal working hours at the offices of the Manager, the Trustee or the Custodian and Registrar's Agent, free of charge."

19. The fourth sentence in the third paragraph on page 60 of the Explanatory Memorandum under the heading "Reports, Accounts and Statements" should be deleted in its entirety and replaced with the following:

“The English and Chinese reports will provide details of the assets of the Trust and the Manager’s statement on transactions during the period under review and will be posted on the Manager’s website, www.valuepartners.com.hk.”

20. Sub-paragraph (f) on page 64 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“(f) Subject to restrictions and requirements applicable from time to time, the Manager or any of its Connected Person may enter into investments for the Trust as agent for the Trust and may deal with the Trust as principal provided that, in both cases, dealings are carried out as if effected on normal commercial terms negotiated on an arm’s length basis. Any transactions between the Trust and the Manager, investment adviser or any of their Connected Person as principal may only be made with the prior written consent of the Trustee. All such transactions must be disclosed in the Trust’s annual report.

(g) In transacting with brokers or dealers connected to the Manager, any investment adviser or any Connected Person of any of them, the Manager must ensure that:

- (i) such transactions are on an arm’s length terms;
- (ii) the Manager has used due care in the selection of such persons and has ensured that they are suitably qualified in the circumstances;
- (iii) transaction execution is consistent with applicable best execution standards;
- (iv) the fee or commission paid to any such persons in respect of a transaction is not greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (v) the Manager must monitor such transactions to ensure compliance with its obligations; and
- (vi) the nature of such transactions and the total commissions and other quantifiable benefits received by such persons shall be disclosed in the Trust’s annual reports.”

21. Sub-paragraph (g) on page 64 of the Explanatory Memorandum should be renumbered as sub-paragraph (h).

22. The last paragraph on page 64 and the first paragraph on page 65 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“Where the Manager invests in shares or units of a collective investment scheme managed by the Manager, its delegates, or any Connected Persons, the manager of the scheme in which the investment is being made must waive any preliminary or initial charge which it is entitled to charge for its own account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual management fees (or other costs and charges payable to the Manager or any Connected Person) borne by the Trust.

None of the Manager, its delegates or any Connected Persons 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) in consideration of directing transactions in the Trust’s assets to such persons, and any such rebates or payments or benefits which are received shall be credited to the account of the Trust.

Subject to paragraphs (g)(i)-(vi) above, the Manager, its delegates or Connected Person of the Manager may receive, and are entitled to retain, research products and services (known as 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 (“brokers”) provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates.”

25 June 2011

**VALUE PARTNERS TAIWAN FUND (the “Trust”)
ADDENDUM**

Important

If you are in doubt about the contents of this Addendum, you should seek independent professional financial advice. This Addendum forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008 as amended by the addenda dated 12 July 2008, 29 August 2008, 22 March 2010 and 25 June 2011 (“Explanatory Memorandum”). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 22 November 2011, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. Value Partners Hong Kong Limited, the Manager of the Trust, accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Addendum misleading.

1. The last paragraph under section 7.3 “*Report, Accounts and Statements*” on page 61 of the Explanatory Memorandum should be deleted in its entirety and replaced with the following:

“At the end of each calendar month, each Unitholder will be sent an account statement containing details of his transactions during the relevant period and the market value of his Units.”

22 November 2011

VALUE PARTNERS TAIWAN FUND (the “Trust”) ADDENDUM

Important

If you are in doubt about the contents of this Addendum, you should seek independent professional financial advice. This Addendum forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008 as amended by the addenda dated 12 July 2008, 29 August 2008, 22 March 2010, 25 June 2011 and 22 November 2011 (“Explanatory Memorandum”). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 14 May 2012, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. Value Partners Hong Kong Limited, the Manager of the Trust, accepts full responsibility for the accuracy of the information contained in this Addendum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Addendum misleading at the date of this Addendum.

1. The definition of “Valuation Day” on p.17 of the Explanatory Memorandum shall be deleted in its entirety and replaced by the following:

“currently means every Business Day and/or such other day or days as the Manager may from time to time determine to be a valuation day with the approval of the Trustee and one month’s prior written notice to Unitholders (in the event the Trust is authorised pursuant to Section 104 of the Securities and Futures Ordinance)”

2. The first paragraph under the section headed “**4.2 Dealing Periods**” on page 37 of the Explanatory Memorandum shall be deleted in its entirety and replaced by the following:

“ 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 Day means every Business Day and/or such other day or days as the Manager may from time to time determine to be a valuation day with the approval of the Trustee and one month’ s prior written notice to Unitholders (in the event the Trust is authorised pursuant to Section 104 of the Securities and Futures Ordinance), provided always that there will be at least one Valuation Day in each calendar month and any change in the Valuation

Day will only be implemented with the approval of the Trustee and upon giving one month' s prior notice to the Unitholders (in the event the Trust is authorised pursuant to Section 104 of the Securities and Futures Ordinance).”

13 April 2012

**VALUE PARTNERS TAIWAN FUND (the “TRUST”)
ADDENDUM**

Important

*If you are in doubt about the contents of this Addendum, you should seek independent professional advice. This Addendum supplements, forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008, as amended by addenda dated 12 July 2008, 29 August 2008, 22 March 2010, 25 June 2011, 22 November 2011 and 13 April 2012 and Notice supplements dated 18 May 2009 and 27 October 2009 (“**Explanatory Memorandum**”) and the Product Key Facts Statement dated August 2013. The changes made to the Explanatory Memorandum by this Addendum shall take effect on the date of this Addendum, unless otherwise stated herein. All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. Value Partners Hong Kong Limited, the Manager of the Trust, accepts full responsibility for the accuracy of the information contained in this Addendum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Addendum misleading.*

1. Preliminary

- (a) The third paragraph on page 4 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Value Partners Taiwan Fund is an open-ended unit trust constituted under the laws of Cayman Islands by a Trust Deed dated 30 January 2008, as amended from time to time, entered into between the Trustee and the Manager. The Trust has been registered as a regulated mutual fund with the Cayman Islands Monetary Authority (the “**Monetary Authority**”) under the Mutual Funds Law (as amended from time to time) of the Cayman Islands (the “**Mutual Funds Law**”)

2. Definition

- (a) The definition of “Mutual Funds Law” on page 12 of the Explanatory Memorandum shall be revised as:

“the Mutual Funds Law, as amended from time to time”

- (b) The definition of “New Issues” on page 13 shall be deleted in entirety.
- (c) Sub-paragraph (g) under the definition of “Non-Qualified Person” on page 15 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“U.S. Person, unless accepted by the Manager; or”

- (d) The definition of “Rule” on page 16 shall be deleted in entirety.

3. Manager

- (a) The first paragraph under the section headed “1.1 Manager” on page 18 of the Explanatory Memorandum shall be deleted in entirety and replaced with the following:

“Value Partners Hong Kong Limited is a company incorporated with limited liability in Hong Kong on 10 May 1999. It is licensed under the Hong Kong Securities and Futures Ordinance and regulated by the SFC, whose current address is at 35/F, Cheung Kong Centre, 2 Queen’s Road Central, Hong Kong to carry on regulated activities of dealing in securities, advising on securities, advising on futures contracts and asset management in Hong Kong. It is a wholly-

owned subsidiary of Value Partners Group Limited.”

- (b) The biographies of CHEAH Cheng Hye, HO Man Kei, Norman and SO Chun Ki Louis under section headed “Manager” on page 18 – 19 of the Explanatory Memorandum shall be deleted in their entirety and replaced with the followings respectively:

“CHEAH Cheng Hye

Mr. CHEAH Cheng Hye is Chairman and Co-Chief Investment Officer (“Co-CIO”) of Value Partners Group Limited (“**Value Partners**”). He is in charge of Value Partners’ operations, and is actively engaged in all aspects of the group’s activities, including investment research, fund management, business and product development, and corporate management. He sets Value Partners’ overall business and portfolio strategy. (Note: In July 2010, Mr. Louis SO was promoted to become Co-CIO of Value Partners, working alongside Mr. CHEAH.)

Mr. CHEAH has been in charge of Value Partners since he co-founded the firm in February 1993 with his partner, Mr. V-Nee YEH. Throughout the 1990s, he held the position of Chief Investment Officer and Managing Director of Value Partners, responsible for managing both the firm’s funds and business operation. He led Value Partners to a successful listing on the Main Board of the Hong Kong Stock Exchange in 2007, the first and only asset management company listed in Hong Kong. Mr. CHEAH has more than 30 years of investment experience, and is considered one of the leading practitioners of value-investing in Asia and beyond. Value Partners and he personally have received numerous awards – a total of more than 70 professional awards and prizes since the firm’s inception in 1993.

Mr. CHEAH was appointed in April 2013 as a non-official member of the New Business Committee of the Financial Services Development Council by the Hong Kong Special Administrative Region government. He was also awarded an Honorary Fellowship by The Hong Kong University of Science and Technology (HKUST) in June in the same year for his contribution to the university and society at large.

Mr. CHEAH was the co-winner of “CIO of the Year in Asia” along with Mr. Louis SO in the 2011 Best of the Best Awards by Asia Asset Management. In October 2010, he was named by AsianInvestor as one of the Top-25 Most Influential People in Asian Hedge Funds. In 2009, he was named by AsianInvestor as one of the 25 Most Influential People in Asian Asset Management. He was also named “Capital Markets Person of the Year” by FinanceAsia in 2007, and in October 2003, he was voted the “Most Astute Investor” in the Asset Benchmark Survey.

Prior to starting Value Partners, Mr. CHEAH worked at Morgan Grenfell Group in Hong Kong, where, in 1989, he founded the company’s Hong Kong/China equities research department as the Head of Research and proprietary trader for the firm. Prior to this, he was a financial journalist based in Hong Kong with The Wall Street Journal and Far Eastern Economic Review, where he reported on business and financial news across East and Southeast Asia markets. Mr. CHEAH served for nine years (1993 to 2002) as an independent non-executive director of Hong Kong-listed JCG Holdings, a leading microfinance company (renamed from 2006 as Public Financial Holdings).”

“HO Man Kei, Norman

Mr. Norman HO is an Investment Director of Value Partners, where he holds a leadership role in Value Partners’ investment process, including a high degree of responsibility for portfolio management.

Mr. HO has extensive experience in the fund management and investment industry, with a focus on research and portfolio management. Mr. HO was promoted to Investment Director in July 2010, and has since been participating in the Value Partners’ investment management and leading the investment management team’s development. He joined Value Partners in November 1995. Prior to that, he was an executive with Dao Heng Securities Limited and had

started his career with Ernst & Young.

Mr. HO graduated with a Bachelor's degree in Social Sciences (majoring in Management Studies) from The University of Hong Kong, and he is a CFA charterholder."

"SO Chun Ki Louis

Mr. Louis SO is Deputy Chairman and Co-Chief Investment Officer ("Co-CIO") of Value Partners, responsible for assisting Mr. Cheah Cheng Hye, Chairman of the Board, for Value Partners' affairs and activities, the daily operations and overall management of the firm's investment management team. He holds a leadership role in the Value Partners' investment process, including a high degree of responsibility for portfolio management.

Mr. SO has extensive experience in the investment industry, with a solid track record in research and portfolio management. He joined Value Partners in May 1999 as an Analyst and was promoted to the role of Fund Manager, then Senior Fund Manager, and again as Deputy Chief Investment Officer in 2004, 2005 and 2009, respectively. He was promoted to the role of Co-CIO in July 2010 and most recently promoted to the role of Deputy Chairman in June 2012. Mr. SO was the co-winner of "CIO of the Year in Asia" along with Mr. Cheah Cheng Hye in the 2011 Best of the Best Awards by Asia Asset Management.

Mr. SO graduated from the University of Auckland with a degree in Commerce, and from the University of New South Wales with a Master's degree in Commerce."

4. Fees and Expenses

The first paragraph under the section headed "6.2 Trustee Fees" on page 54 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"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 at the following rates:

- 0.17 per cent. per annum on the first US\$400 million of the Net Asset Value;
- 0.15 per cent. per annum on the next US\$400 million of the Net Asset Value;
- 0.13 per cent. per annum of the Net Asset Value in excess of US\$800 million;

subject to a minimum of US\$5,000 per month."

5. U.S. Commodity and Futures Trading Commission

The following paragraph is added immediately after the fourth paragraph on page 6 of the Explanatory Memorandum:

"The Manager is exempt from registration with the U.S. Commodity Futures Trading Commission ("CFTC") and is not registered with the CFTC as a Commodity Pool Operator ("CPO"), in respect of the Trust pursuant to an exemption under CFTC Rule 4.13(a)(3) and as a Commodity Trading Adviser pursuant to Rule 4.14(a)(8) for pools (a) whose interests are exempt from registration under the Securities Act and are offered and sold without marketing to the public in the United States and (b) whose participants are limited to certain qualified eligible persons and accredited investors. To comply with Rule 4.13(a)(3), the Manager will not commit more than 5% of the Trust's liquidation value, taking into account unrealized profits or loss on such positions to establishing commodity interest positions or have commodity interest positions with an aggregate net notional value that exceed 100% of the Trust's liquidation value, taking into account unrealized profits or loss on such positions. Therefore, unlike a registered CPO, the Manager is not required to deliver a Disclosure Document (as defined in the CFTC Rules) or a certified annual report to investors. The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or accuracy of an offering memorandum. Consequently, the CFTC has not reviewed or approved this offering or this Explanatory Memorandum."

6. Restrictions on Unitholders

Sub-paragraph (a) under the sub-section “7.6 Restrictions on Unitholders” on page 66 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“(a) a U.S. Person, unless accepted by the Manager;”

7. Risk Factors

The following language is added as a new sub-section 3.17 under the section headed “Risk Factors” on page 36 of the Explanatory Memorandum:

“3.17 Foreign Account Tax Compliance

Sections 1471 – 1474 (referred to as “**FATCA**”) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) will impose new rules with respect to certain payments to non-U.S. persons, such as the Trust, including interest and dividends from securities of U.S. issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the Internal Revenue Service (the “**IRS**”) to identify United States persons (within the meaning of the Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “**FFI**”), such as the Trust (and, generally, other investment funds organized outside the U.S.), generally will be required to enter into an agreement (an “**FFI Agreement**”) with the IRS under which it will agree to identify its direct or indirect U.S. owners and report certain information concerning such U.S. owners to the IRS. The FFI Agreement will also generally require that an FFI withhold U.S. tax at a rate of 30% on certain payments to investors who fail to cooperate with certain information requests made by the FFI or on such payments made to investors that are FFIs that have not entered into an FFI Agreement with the IRS.

FATCA withholding will be effective with respect to payments, including U.S. source dividends and interest, made after 30th June 2014 (and after 31st December 2016 with respect to payments of gross proceeds from the sale of securities giving rise to dividends and interest). The first reporting deadline for FFIs that have entered into the FFI Agreement will be 31st March 2015 with respect to the 2014 calendar year.

The Cayman Islands government announced on 15 March 2013, that it would adopt a Model 1 intergovernmental agreement (an “**IGA**”) with the U.S. government for the implementation of the provisions of FATCA. Under this model of IGA, the Trust will generally be relieved from the obligation to enter into an FFI Agreement and will generally not be required to withhold tax on payments made to their investors provided that the Cayman Islands government and the Trust complies with the terms of the IGA.

However, if the Trust receives payments covered by FATCA, withholding may apply if it cannot satisfy the applicable requirements under the IGA or the Cayman Islands government is not in compliance with the IGA.

The Trust will endeavour to satisfy the requirements imposed under FATCA or the IGA to avoid any withholding tax. In the event that the Trust is not able to comply with the requirements imposed by FATCA or the IGA and the Trust does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Trust may be adversely affected and the Trust may suffer significant loss as a result.

To the extent that the Trust suffers withholding tax on its investments as a result of FATCA, the Trustee on behalf of the Trust, may, after completing due process to ascertain and confirm that the Unitholder has failed to cooperate and provide the required information, bring action against the Unitholder for losses suffered by the Trust as a result of such withholding tax.

Each prospective investor should consult with its own tax advisor as to the potential impact of FATCA in its own tax situation.”

8. New Issues

The following language is added as a new sub-section 4.11 under the section headed “Subscription and Realisation of Units” on page 50 of the Explanatory Memorandum:

“4.11 New Issues

From time to time, the Trust may, to the extent consistent with the “new issue” rules 5130 and 5131 of the U.S. Financial Industry Regulatory Authority (“**FINRA**”), as may be amended from time to time (the “**Rules**”), purchase equity securities that are part of an initial public offering (sometimes referred to as “**IPOs**” or “**new issues**”). Under the Rules, brokers that are members of FINRA may not sell such securities to a private investment fund, if the fund has investors who are (i) “Restricted Persons”, which category includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms and/or (ii) “Covered Investors”, which category includes executive officers or directors of a Public Company or Covered Non-Public Company, unless any of the exemptions under the Rules applies. A “Public Company” is a company that is registered under Section 12 of the U.S. Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or any other company that files periodic reports pursuant to Section 15(d) of the Exchange Act, and a “Covered Non-Public Company” is a non-public company satisfying one or more of the following three criteria: (a) income of at least US\$1 million in the last fiscal year or in two of the last three fiscal years and shareholders’ equity of at least US\$15 million; or (b) shareholder’s equity of at least US\$30 million and a two year operating history; or (c) total assets and total revenue of at least US\$75 million in the latest fiscal year or in two of the last three fiscal years. For ease of reference in this section, the term “**Restricted Person**” shall be deemed to refer collectively to Restricted Persons and Covered Investors.

The Manager currently intends to issue Units only to investors that are eligible to participate in the profits and losses from new issues under the Rules. In other words, the Manager does not and will not issue any Units to Restricted Persons. Notwithstanding that the Manager has discretion to avail itself of one or more exemptions under the Rules and make other determinations in connection with the Rules, the Manager, subject to applicable laws and regulatory requirements including the Code on Unit Trusts and Mutual Funds, will only exercise discretion to determine the following matters: -

- (i) the manner in which new issues are purchased, held, transferred and sold;
- (ii) the time at which new issues are no longer considered as such under the Rules; and
- (iii) the investors who are eligible to participate in new issues.

9. Subscription and Realisation of Units

The sixth paragraph under the section headed “4.3 Subscription for Units” on page 40 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Applications for subscription for Units must be sent to the Registrar’s Agent by post to the business address or, if the applicant has provided the Manager with an original fax indemnity in the subscription form provided by the Manager, 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. Neither the Manager, the Registrar’s Agent nor the Trustee accept any responsibility for any loss resulting from the non-receipt or illegibility of any subscription sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile believed in good faith to have originated from properly authorised persons. 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.”

The eighth paragraph under the section headed “4.3 Subscription for Units” on page 41 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Applications for subscription (whether by post or by fax) must be received by the Registrar’s Agent 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 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 Registrar’s Agent 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. The Manager may agree to reserve capacity for subscriptions in an agreed amount in the Trust for a certain period of time.”

The second paragraph under the section headed “4.4 Realisation of Units” on page 42 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Requests to realise Units may be made to the Registrar’s Agent during any Dealing Period in writing by completing the prescribed form as provided by the Manager and sent by post to the business address or, if the relevant Unitholder has provided the Manager with an original fax indemnity in the realisation form provided by the Manager, by fax to the fax number shown on the realisation form. 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. Unitholders are reminded that if they choose to send a request by facsimile, they bear their own risk of it not being received. Neither the Manager, the Trustee nor the Registrar’s Agent accepts any responsibility for any loss resulting from the nonreceipt or illegibility of any facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile instructions believed in good faith to have originated from properly authorised person. 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.”

The fourth paragraph under the section headed “4.4 Realisation of Units” on page 42 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Applications for realisation (whether by post or by fax) must be received by the Registrar’s Agent 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. The Realisation Price per Unit will be the Net Asset Value per Unit calculated as at that Valuation Day. Valid applications for realisation received (whether by post or by fax) by the Registrar’s Agent 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 Date coinciding with the close of such succeeding Dealing Period.”

The first paragraph under the section headed “4.5 Transfers” on page 45 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“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 Registrar’s Agent 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. The Manager may, at

its absolute discretion, charge the transferor a processing fee of up to HK\$500 in respect of the transfer application, to be retained for the benefit of the Manager.”

The third paragraph under the section headed “4.7 Fax Instructions” on page 46 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Neither the Manager, the Registrar’s Agent 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 or any of their agents, employees or delegates. Moreover, without written confirmation of receipt by the Manager or the Trustee or any of their agents, employees or delegates, 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 or any of their agents, employees or delegates .”

10. Procedure for Application for Units

The first paragraph under the section headed “8.1 Method of Application” on page 72 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Initial applications for subscription of Units must be made on the subscription form which accompanies this Explanatory Memorandum (and which is also available from the Manager). Applications for subsequent subscriptions of Units must also be made on a subscription form, the form of which is stipulated by the Manager. Applications should be sent by post or by fax to the Registrar’s Agent at the business address or fax number set out in the subscription form.”

The tenth paragraph under the section headed “8.2 Payment Procedure” on page 75 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“If payment is made by bankers draft/cashier order, proof of the purchaser of the bankers draft/cashier order must be provided to the Manager. Bank certification or bank advice is acceptable. If payment is made by cheque deposit to the account as set out in paragraph 1(d) above, source of payment (e.g. cheque copy) must be provided with the bank pay-in-slip which should be dated on such date that at least two Business Days in Hong Kong before the last day of such Dealing Period. Applicant’s name shall be written on the bank-pay-in-slip or remittance advice and must be returned to the Registrar’s Agent with the Subscription Form.”

22 August 2013

**VALUE PARTNERS TAIWAN FUND (the “Trust”)
ADDENDUM**

Important

If you are in doubt about the contents of this Addendum, you should seek independent professional advice. This Addendum forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008 as amended by the addenda dated 12 July 2008, 29 August 2008, 22 March 2010, 25 June 2011, 22 November 2011, 13 April 2012 and 22 August 2013 and the notice supplements dated 18 May 2009 and 27 October 2009 (“Explanatory Memorandum”). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 18 November 2013, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. Value Partners Hong Kong Limited, the Manager of the Trust, accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Addendum misleading as at the date of issuance.

1. The definition of “Business Day” under the ‘Definitions’ section on page 9 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“a day (other than a Saturday and Sunday) on which banks in Hong Kong and Taiwan are open for general business provided that, where as a result of a Number 8 Typhoon Signal being hoisted or a Black Rainstorm warning being issued or other similar event, the period during which banks in Hong Kong or Taiwan are open on any day is reduced, such day shall not be a Business Day unless the Manager, with the consent of the Trustee, otherwise determines or such other day or days as may be determined by the Manager from time to time with the consent of the Trustee”

2. The second paragraph under the section headed ‘4.2 Dealing Periods’ on page 38 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“The Manager has determined that a Business Day is a day (other than a Saturday and Sunday) on which banks in Hong Kong and Taiwan are open for general business provided that, where as a result of a Number 8 Typhoon Signal being hoisted or a Black Rainstorm warning being issued or other similar event, the period during which banks in Hong Kong or Taiwan are open on any day is reduced, such day shall not be a Business Day unless the Manager, with the consent of the Trustee, otherwise determines.”

3. The sixth paragraph under the section headed ‘8.2 Payment Procedure’ on page 75 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Please note that for cleared funds in US dollars or HK dollars to be received in Hong Kong prior to 5:00 p.m. (Hong Kong time) on the last Business Day of the initial offer period or prior to 5:00 p.m. (Hong Kong time) on 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.”

4. The eighth paragraph under the section headed ‘8.2 *Payment Procedure*’ on page 75 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“If payment is made by bankers draft/cashier order, proof of the purchaser of the bankers draft/cashier order must be provided to the Manager. Bank certification or bank advice is acceptable. If payment is made by cheque deposit to the account as set out in paragraph 1(d) above, the source of payment (e.g. cheque copy) must be provided with the bank pay-in-slip which should be dated on such date that at least two Business Days before the last day of the relevant Dealing Period. The Applicant’s name shall be written on the bank pay-in-slip or remittance advice and must be returned to the Manager with the Subscription Form.”

18 October 2013

**VALUE PARTNERS TAIWAN FUND (the “Trust”)
ADDENDUM**

Important

If you are in doubt about the contents of this Addendum, you should seek independent professional advice. This Addendum forms part of and should be read in conjunction with the Explanatory Memorandum of the Trust dated 8 May 2008 as amended by the addenda dated 12 July 2008, 29 August 2008, 22 March 2010, 25 June 2011, 22 November 2011, 13 April 2012, 22 August 2013 and 18 October 2013 and the notice supplements dated 18 May 2009 and 27 October 2009 (“Explanatory Memorandum”). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 28 April 2017, unless otherwise stated herein.

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. Value Partners Hong Kong Limited, the Manager of the Trust, accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Addendum misleading as at the date of issuance.

The Explanatory Memorandum will hereby be amended as follows:

(A) Liquidity Risk Management

1. The following sub-section headed “**2.10 Liquidity Risk Management**” shall be inserted immediately after the sub-section headed “**2.9 Risk Management Policy**”, which was inserted by way of the Addendum dated 25 June 2011, on page 29 of the Explanatory Memorandum:

“2.10 Liquidity Risk Management

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Trust and to ensure that the liquidity profile of the investments of the Trust will facilitate compliance with the Trust’s obligation to meet realisation requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable realisations.

The Manager’s liquidity policy takes into account the investment strategy, the liquidity profile, the realisation policy, the dealing frequency, the ability to enforce realisation limitations and the fair valuation policies of the Trust. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by the Trust on an on-going basis to ensure that such investments are appropriate to the realisation policy as stated under the section headed “**SUBSCRIPTION AND REALISATION OF UNITS**”, and will facilitate compliance with the Trust’s obligation to meet realisation requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Trust under normal and exceptional market conditions.

The following tool(s) may be employed by the Manager to manage liquidity risks:

- the Manager may limit the total number of Units in all Classes realised during any Dealing Period to 10 per cent. of the total number of Units of all Classes in issue on the Valuation Day for that Dealing Period (subject to the conditions under the heading entitled “**Realisation of Units**” in the section headed “**SUBSCRIPTION AND REALISATION 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 (or its equivalent); and
- the Manager is entitled to deduct from the Net Asset Value per Unit for the account of the relevant Class, 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.”

(B) Updates to FATCA Disclosures

1. The sub-section “**3.17 Foreign Account Tax Compliance**” which was inserted by way of the Addendum dated 22 August 2013 under the section headed “**RISK FACTORS**” on page 36 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:-

“3.16 Foreign Account Tax Compliance Act

Sections 1471 – 1474 (referred to as “**FATCA**”) of the United States Internal Revenue Code of 1986, as amended (“**IRS Code**”) impose rules with respect to certain payments to non-United States persons, such as the Trust, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate (currently applicable to payments of US source dividends and interest, and beginning on or after 1st January 2019 with respect to gross proceeds), unless the recipient of the payment satisfies certain requirements intended to enable the United States Internal Revenue Service (the “**IRS**”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments.

Pursuant to the US IGA, the Trust will generally be relieved from FATCA withholding tax on payments it receives, as well as the obligation to withhold tax on payments made to its investors, provided that it complies with the AEOI Regulations (discussed below), which give effect to the US IGA. Pursuant to the AEOI Regulations reporting is made annually in respect of the previous calendar year.

The Trust has been registered with the IRS. The Trust will endeavour to satisfy the requirements imposed under FATCA and the US IGA and the AEOI Regulations to avoid any withholding tax. In the event that the Trust is not able to comply with the requirements imposed by FATCA, the US IGA or related Cayman Islands law, and the Trust suffers US withholding tax on its investments as a result of non-compliance,

the Net Asset Value of the Trust may be adversely affected and the Trust may suffer significant losses as a result.

To the extent that the Trust suffers withholding tax on its investments as a result of FATCA, the Trust may, after completing due process to ascertain and confirm that a Unitholder has failed to cooperate and provide the required information, bring legal action against such Unitholder for losses suffered by the Trust as a result of such withholding tax.

Each prospective investor should consult with its own tax advisor as to the potential impact of FATCA on his own tax situation.”

(C) AEOI Disclosures

1. The following sub-section headed “**5.4 Automatic Exchange of Financial Account Information**” shall be inserted immediately after the sub-section headed “**5.3 Taiwan**” on page 53 of the Explanatory Memorandum:

“5.4 Automatic Exchange of Financial Account Information

Cayman Islands

The Cayman Islands has signed two inter-governmental agreements to improve international tax compliance and the exchange of information - one with the United States and one with the United Kingdom (the “**US IGA**” and the “**UK IGA**”, respectively). The Cayman Islands has also signed, along with over 80 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the “**CRS**” and together with the US IGA and the UK IGA, “**AEOI**”).

Cayman Islands regulations were issued on 4 July 2014 to give effect to the US IGA and the UK IGA, and on 16 October 2015 to give effect to the CRS (collectively, the “**AEOI Regulations**”). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the “**TIA**”) has published guidance notes on the application of the US and UK IGAs and the CRS.

All Cayman Islands “Financial Institutions” will be required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, except to the extent that they can rely on an exemption that allows them to become a “Non-Reporting Financial Institution” (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes. The Trust does not propose to rely on any reporting exemption and therefore intends to comply with the requirements of the AEOI Regulations.

The AEOI Regulations require the Trust as a Reporting Financial Institution to, amongst other things (i) register with the United States Internal Revenue Service (the “**IRS**”) to obtain a Global Intermediary Identification Number (“**GIIN**”) (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a “Reporting Financial Institution”, (iii) conduct due diligence on its accounts to identify whether any such accounts are considered “Reportable Accounts”, and (iv) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a US Reportable Account, HMRC in the case of a UK Reportable Account, etc.) annually on an automatic basis.

For information on any potential withholding tax that may be levied against the Trust, see also the risk factor "**3.16 Foreign Account Tax Compliance Act**".

By investing in the Trust and/or continuing to invest in the Trust, investors shall be deemed to acknowledge that further information may need to be provided to the Trust, the Trust's compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Trust may reserve the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned, to the extent permitted by applicable laws and the Trust's constitutive documents.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Trust through financial institutions in Hong Kong."

2. The following sub-sections are inserted immediately after the sub-section "**7.10 Material Agreements**" under the section headed "**GENERAL INFORMATION**" on page 71 of the Explanatory Memorandum:-

"7.11 Certification for Compliance with FATCA or Other Applicable Laws

Each Unitholder (i) shall be required to, upon demand by the Trust, the Manager or the Trustee, provide any form, certification or other information reasonably requested by and acceptable to the Trust, the Manager or the Trustee that is necessary for the Trust (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Trust receives payments and/or (B) to satisfy reporting or other obligations under the IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction, (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong, the Cayman Islands or any other jurisdiction (including any law, rule and requirement relating to AEOI) and reporting obligations that may be imposed by future legislation.

7.12 Power to Disclose Information to Authorities

Subject to applicable laws and regulations in the Cayman Islands and Hong Kong, the Trust, the Manager, the Trustee or any of their authorised persons (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the US IRS, the TIA and the Hong Kong Inland Revenue Department), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the Trust to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any

applicable law (including any law, rule and requirement relating to AEOI), regulation or agreement under FATCA).”

(D) Removal of Disclosures relating to New Issues

1. The sub-section headed “**4.11 New Issues**” which was inserted by way of the Addendum dated 22 August 2013 under the section headed “**SUBSCRIPTION AND REALISATION OF UNITS**” on page 50 of the Explanatory Memorandum shall be deleted in its entirety.

(E) Administrative Changes relating to Subscription, Realisation, Transfer and Switching

In addition to the current means of submitting requests for subscription, realisation, transfer or switching of Units, the Manager may in its discretion allow any requests for applications for subscription, realisation, transfer or switching of Units to be made by other written or electronic forms specified by the Manager. Accordingly, the Explanatory Memorandum has been revised to reflect the same.

1. The sixth paragraph under the section headed “**4.3 Subscription for Units**” on page 40 of the Explanatory Memorandum and as amended by way of the Addendum dated 22 August 2013 shall be deleted in its entirety and replaced with the following:-

“Applications for subscription for Units must be sent to the Registrar’s Agent by post to the business address or, if the applicant has provided the Manager with an original fax indemnity in the subscription form provided by the Manager, by fax to the fax number shown on the subscription form or other written or electronic means specified by the Manager. All initial applications for subscription of Units must be made on the subscription form which accompanies this Explanatory Memorandum and if sent by fax or other written or electronic means, must be followed by duly signed original applications for subscription. Neither the Manager, the Registrar’s Agent nor the Trustee accept any responsibility for any loss resulting from the non-receipt or illegibility of any subscription sent by facsimile or other written or electronic means or for any loss caused in respect of any action taken as a consequence of such facsimile or other written or electronic instructions believed in good faith to have originated from properly authorised persons. 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 or other written or electronic means.”

2. The eighth paragraph under the section headed “**4.3 Subscription for Units**” on page 41 of the Explanatory Memorandum and as amended by way of the Addendum dated 12 July 2008 and the Addendum dated 22 August 2013 shall be deleted in its entirety and replaced with the following:-

“Applications for subscription (whether by post, fax or other written or electronic means specified by the Manager) must be received by the Registrar’s Agent 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 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, fax or other written or electronic means specified by the Manager) by the Registrar's Agent 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. The Manager may agree to reserve capacity for subscriptions in an agreed amount in the Trust for a certain period of time."

3. The second paragraph under the section headed "**4.4 Realisation of Units**" on page 42 of the Explanatory Memorandum and as amended by way of the Addendum dated 22 August 2013 shall be deleted in its entirety and replaced with the following:-

"Requests to realise Units may be made to the Registrar's Agent during any Dealing Period in writing by completing the prescribed form as provided by the Manager and sent by post to the business address or, if the relevant Unitholder has provided the Manager with an original fax indemnity in the realisation form provided by the Manager, by fax to the fax number shown on the realisation form, or other written or electronic means specified by the Manager. 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 or other written or electronic means must be followed by duly signed original requests for realisation. Unitholders are reminded that if they choose to send a request by facsimile or other written or electronic means, they bear their own risk of it not being received. Neither the Manager, the Trustee nor the Registrar's Agent accepts any responsibility for any loss resulting from the non-receipt or illegibility of any facsimile or by other electronic means or for any loss caused in respect of any action taken as a consequence of such facsimile or other written or electronic instructions believed in good faith to have originated from properly authorised person. 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 or other written or electronic means."

4. The fourth paragraph under the section headed "**4.4 Realisation of Units**" on page 42 of the Explanatory Memorandum and as amended by way of the Addendum dated 12 July 2008 and the Addendum dated 22 August 2013 shall be deleted in its entirety and replaced with the following:-

"Applications for realisation (whether by post, fax or other written or electronic means specified by the Manager) must be received by the Registrar's Agent 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. The Realisation Price per Unit will be the Net Asset Value per Unit calculated as at that Valuation Day. Valid applications for realisation received (whether by post, fax or other written or electronic means specified by the Manager) by the Registrar's Agent 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 Date coinciding with the close of such succeeding Dealing Period."

5. The first paragraph under the section headed "**4.5 Transfers**" on page 45 of the Explanatory Memorandum and as amended by way of the Addendum dated 22 August 2013 shall be deleted in its entirety and replaced with the following:-

"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 or other written or electronic means specified by the Manager to Registrar's Agent 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. The Manager may, at its absolute discretion, charge the transferor a processing fee of up to HK\$500 in respect of the transfer application, to be retained for the benefit of the Manager."

6. The sub-section headed "**4.7 Fax Instructions**" on page 46 of the Explanatory Memorandum and as amended by way of the Addendum dated 22 August 2013 shall be deleted in its entirety and replaced with the following:-

"4.7 Fax or Electronic Instructions

All instructions received by fax or any electronic means 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 or electronic 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 or any electronic means must provide to the Manager an original fax indemnity in the subscription form or realisation form provided by the Manager.

Neither the Manager, the Registrar's Agent 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 or electronic 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 or electronic instructions; or (c) any faxed or electronic instructions which are not received by the Manager or the Trustee or any of their agents, employees or delegates. Moreover, without written confirmation of receipt by the Manager or the Trustee or any of their agents, employees or delegates, a transmission report produced by the originator of the facsimile or electronic transmission disclosing the transmission was sent shall not be sufficient proof of receipt thereof by the Manager or the Trustee or any of their agents, employees or delegates."

7. The first and second paragraphs under the section headed "**8.1 Method of Application**" on page 72 of the Explanatory Memorandum and as amended by way of the Addendum dated 12 July 2008 and the Addendum dated 22 August 2013 shall be deleted in their entirety and replaced with the following:-

"Initial applications for subscription of Units must be made on the subscription form which accompanies this Explanatory Memorandum (and which is also available from the Manager). Applications for subsequent subscriptions of Units must also be made on a subscription form, the form of which is stipulated by the Manager. Applications should be sent by post or by fax to the Registrar's Agent at the business address or fax number set out in the subscription form. The Manager may also, in its discretion, allow any application for subscription to be made by other written or electronic forms. Please refer to section 4.7 of this Explanatory Memorandum for details relating to subscriptions made by fax or electronic instructions.

All initial applications for subscription of Units sent by fax or other written or electronic means must be followed by duly signed original applications for subscription. For subsequent applications for subscription of Units sent by fax or other written or electronic means, duly signed original applications for subscription is not required (unless requested by the Manager) provided that the applicant has previously provided the Manager with an original fax indemnity in the subscription form as provided by the Manager. Units were issued at the Initial Offer Price in respect of subscription forms and cleared subscription monies which were received by the Registrar's Agent prior to the close of the Initial Offer Period. Subscription forms and/or cleared subscription monies which were received after that time will be carried forward and dealt with on the next Dealing Day. Subscription monies were not invested by the Trust until after the last day of the Initial Offer Period. Interest earned on subscription monies, if any, were accrued for the benefit of the Trust. Following the close of the Initial Offer Period, subscription forms and subscription monies which are received after 5:00 pm (Hong Kong time) of each Dealing Period will be carried forward and dealt with on the next Dealing Day and Units issued accordingly by reference to that later Dealing Day.”

8. The paragraphs under the section headed “**8.2 Payment Procedure**” on page 73-76 of the Explanatory Memorandum and as amended by way of the Addendum dated 12 July 2008, the Addendum dated 22 August 2013 and the Addendum dated 18 October 2013 shall be deleted in their entirety and replaced with the following:-

“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 or who does not fall within any statutory exemption from the requirement to be licensed or registered to carry on the regulated activity of dealing in securities under Part V of the Hong Kong Securities and Futures Ordinance. All subscription monies must originate from an account held in the name of the applicant. Third party payment will not be accepted.

Units will not usually be issued unless and until the signed application for subscription of Units has been received (whether by post, fax or other written or electronic means specified by the Manager), 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 per Unit, determined as at the close of the Dealing Period during which monies are actually received or within such period as the Manager may, in its absolute discretion determine (which shall not be more than 3 Business Days).

Units will be issued on each Dealing Day (i.e. the Business Day immediately following the end of each Dealing Period), except for subscription during the Initial Offer Period when Units will be issued on the last day of the Initial Offer Period.

Payment details are set out in the Subscription Form.

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).

The Manager may exercise its discretion to accept late payment of subscription money, provisionally allots Units by reference to the Net Asset Value of the relevant class of Units in the Trust and charge interest on such overdue money until payment is received in full, at such rate as the Manager thinks appropriate. However if payment of subscription money is not made within such period as determined by the Manager (which shall not be more than 3 Business Days), the Manager or Trustee may cancel such issue of Units."

(F) Change of Telephone Number

1. The sub-section headed "**Enquiries or complaints**", which was inserted by way of the Addendum dated 25 June 2011, after the fourth paragraph on page 7 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:-

"Enquiries or complaints

Investors may contact the Fund Investor Services team of the Manager for any queries or complaints in relation to the Trust by writing to the Manager's address at 9th Floor, Nexxus Building, 41 Connaught Road Central, Hong Kong, or by telephone at (852) 2143 0688. The Manager will respond to the enquiry or complaint as soon as practicable."

(G) Change of the Manager's Website

1. All references to the Manager's website "www.valuepartners.com.hk" shall be deleted in their entirety and replaced with "www.valuepartners-group.com".

(H) Updates in relation to Minimum Disclosure Requirements

1. The paragraphs under the section headed "**2.4 Investment Objective and Policy**" on pages 22 to 23 of the Explanatory Memorandum shall be deleted in their entirety and replaced with the following:-

"The Trust aims to achieve long term capital growth through primarily (i.e. not less than 70% of the Trust's non-cash assets) investing in equity and equity linked securities of companies that are listed on (a) the Taiwan Stock Exchange; or (b) the GRE Tai Securities Market; or (c) any stock exchange but which have their main operations or majority of assets in or derive the majority of their income from Taiwan. This includes companies incorporated and/or quoted outside Taiwan.

Equity and equity linked securities of companies that the Trust may invest in include but are not limited to listed equities, depositary receipts, real estate investment trusts ("**REITs**") and Exchange Traded Funds ("**ETFs**"). The Trust's exposure to each of, REITs and ETFs, will be less than 30% of its Net Asset Value.

When investing the assets of the Trust, the Manager does not intend to have an investment focus in terms of sector or industry. Also, the Trust may invest in securities issued by companies of any market size and in such proportions as the Manager deems appropriate.

In addition to the aforementioned investments, the Manager may hold cash, deposits, short-term papers such as treasury bills, certificates of deposit, bankers' acceptances, short-term commercial papers and other fixed income instruments. The Manager may also invest in units in unit trusts, shares in mutual fund corporations, interests in other collective investment schemes, debt securities, convertible debt securities, commercial loans, commodities, commodity-based investments, futures, forwards, swaps, options, warrants and any other financial instruments – however, the Trust's exposure to each of these types of investments will be less than 30% of its Net Asset Value. Further, the Trust will not invest more than 10% of its Net Asset Value in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade. The Manager may also place a substantial portion of the portfolio in cash or cash equivalents, any of which uninvested may be invested into money market funds. Under exceptional circumstances (e.g. market crash or major crisis), the Trust may be invested temporarily up to 100% in liquid assets such as deposits, treasury bills, certificates of deposit, short-term commercial papers for cash flow management.

The Trust may invest in financial derivative instruments for hedging or investment purposes to the extent permitted by the SFC's Code on Unit Trusts and Mutual Funds and the provisions set out under the section "Investment Restrictions and Prohibitions" in the Explanatory Memorandum.

Currently, the Trust does not invest in collateralized and/or securitized products such as asset backed securities, nor does the Trust intend to engage in repurchase and reverse repurchase transactions or other similar over-the-counter transactions. However, the Trust may enter into stock lending arrangements provided that 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% of its latest available Net Asset Value.

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 section 4.8, headed "Suspension of the Determination of Net Asset Value", dealing in the Units may be temporarily suspended."

2. The following paragraph shall be inserted immediately before the first paragraph under the sub-section headed "**3.1 Investment Risk**" of the Explanatory Memorandum as amended by way of the Addendum dated 25 June 2011:-

"The Trust is an investment fund. There is no guarantee of the repayment of principal. The Trust's investment portfolio may fall in value due to any of the key risk factors below and you may lose a substantial proportion or all of your investment in the Trust."

3. The sub-heading "*Risks associated with small/mid-capitalisation companies*" shall be inserted immediately after the third paragraph under the sub-section headed "**3.1 Investment Risk**" of the Explanatory Memorandum and as amended by way of the Addendum dated 25 June 2011.

4. The fourth paragraph under the sub-section headed “**3.1 Investment Risk**” of the Explanatory Memorandum and as amended by way of the Addendum dated 25 June 2011 shall be deleted in their entirety and replaced with the following:-

“The Trust may invest in stocks of small/mid-capitalisation companies or small and medium sized companies which may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general. Investing in such stocks 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.”

5. The sub-sections headed “**3.3 Market Risk**”, “**3.4 Equity Risk**”, “**3.5 Diversification Risk**” and “**3.6 Currency Exchange Risk**” on pages 30 to 32 of the Explanatory Memorandum, as amended by way of the Addendum dated 25 June 2011, shall be deleted in their entirety and replaced with the following:-

“3.3 Risk of Investing In Taiwan / Emerging Market

The investments of the Trust are subject to risks inherent in all securities (including settlement and counterparty risks). The value of holdings may fall as well as rise. Taiwan is an emerging market. Since emerging markets tend to be more volatile than developed markets, holdings in emerging markets are exposed to higher levels of market risk and general commercial risks. Investing in Taiwan-related companies involves certain increased risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange risks/controls, liquidity, settlement, custody, legal and regulatory risk, and the likelihood of higher degree of volatility.

High market volatility and potential settlement difficulties in the Taiwan market may also result in significant fluctuations in the prices of the securities traded in such market and thereby may adversely affect the value of the Trust.

The Taiwanese stock market has experienced a high degree of stock price volatility in recent years. The liquidity of Taiwanese stocks is inhibited by price constraints imposed by the Taiwan Stock Exchange and smaller market capitalisation and thereby may adversely affect the value of the Trust.

Securities exchanges in Taiwan typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Trust.

3.4 Equity Risk

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. The Trust’s investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

3.5 Concentration Risk

The Trust's investments are concentrated in the Taiwan market.

The Trust may likely be more volatile than a broad-based fund, such as a global equity fund or a fund having a more diverse portfolio of investments, as it is more susceptible to fluctuations in value resulting from adverse conditions in the region or country in which it invests such as adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Taiwan market.

The securities market in which the Trust will principally invest is undergoing a period of growth and change which may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations.

3.6 Currency Exchange Risk

The assets of the Trust will be invested in Taiwanese securities and some of the income of the Trust will be received in Taiwanese Dollars. As the Trust is denominated in US dollars and underlying investments of the Trust may be denominated in currencies other than the base currency of the Trust, the performance of the assets of the Trust may be affected unfavourably by movements in the exchange rates between the currencies in which the assets are held (including Taiwanese Dollars) and US dollars, and any changes in exchange control regulations which may cause difficulties in the repatriation of funds. The Trust may, but is not obliged to seek to hedge foreign currency risks. On the other hand, failure to hedge foreign currency risks may result in the Trust suffering from exchange rate fluctuations.”

6. The sub-section headed “**3.13 Equity Linked Notes and other Derivative Instruments**” on page 35 of the Explanatory Memorandum, as amended by way of the Addendum dated 25 June 2011, shall be deleted in their entirety and replaced with the following:-

“3.13 Equity Linked Notes and other Derivative Instruments

The Trust may invest in the investment targets of the Trust through equity linked notes and other derivative instruments, including investments in participation notes (“Derivative Instruments”). Such Derivative Instruments which are not listed or quoted on a market may account for up to 15% of the Trust's non-cash assets.

The Trust will be exposed to the counterparty/credit risk of the issuers of these Derivative Instruments. Apart from counterparty/credit risk, risks associated with Derivative Instruments include liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a Derivative Instrument can result in a loss significantly greater than the amount invested in the Derivative Instrument by the Trust. Exposure to Derivative Instruments may lead to a high risk of significant loss by the Trust. If an issuer of a Derivative Instrument were to become insolvent, the Trust would lose its investment up to the full value of that product.

The Trust may also use Derivative Instruments for hedging purposes. Derivative Instruments may not be listed and are subject to the terms and conditions imposed by their issuer. There is no active market in Derivative Instruments and therefore investment in Derivative Instruments can be illiquid. In order to meet realisation requests, the Trust relies upon the issuer of the Derivative Instruments to quote a price to unwind any part of the Derivative Instruments that will reflect the market liquidity

conditions and the size of the transaction. There is a risk that the issuer of the Derivative Instruments will not settle a transaction due to a credit or liquidity problem and the Trust may suffer a total loss of the Trust's interest in the Derivative Instruments.

An investment in the Derivative Instruments does not entitle the Derivative Instruments holder to the beneficial interest in the shares underlying the Derivative Instruments nor to make any claim against the company issuing the shares. There can be no assurance that the price of the Derivative Instruments will equal the underlying value of the company or securities market that it may seek to replicate.

Compared to conventional securities, such as shares and debt securities, Derivative Instruments with leveraging effect (such as futures and warrants) can be more sensitive to changes in interest rates or to sudden fluctuations in market prices. As a result, a relatively small price movement in the value of the underlying asset of such Derivative Instrument may result in immediate and substantial loss (or gain) to the Trust. Therefore, the Trust's losses may be greater if it invests in such Derivative Instruments than if it invests only in conventional securities such as shares and debt securities. The exposure of the Trust to Derivative Instruments is subject to the applicable investment restrictions set out in this Explanatory Memorandum."

7. The sub-section headed "**3.16 Performance Fee**" on page 36 of the Explanatory Memorandum shall be deleted in their entirety and replaced with the following:-

"3.15 Performance Fee

The performance fee payable to the Manager may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors should note that the management fee and performance fee payable to the Manager are based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised by the Trust (i.e. performance fees may be paid on unrealized gains which may never be realized by the Trust).

There is no equalisation arrangement in respect of the calculation of the performance fees. As there is no adjustment of equalisation credit or equalisation losses on an individual Unitholder basis, a Unitholder may incur a performance fee notwithstanding the Unitholder may have suffered a loss in investment in the Units (e.g. a Unitholder will be disadvantaged if he subscribes to the Trust during a performance period when the Net Asset Value per Unit is above the High Water Mark and realises prior to or at the end of such performance period when the Net Asset Value per Unit at the time of realisation has decreased but remains above High Water Mark. Under such circumstances, he has paid the performance fee despite of a loss). On the other hand, a Unitholder may not be subject to any performance fee notwithstanding the Unitholder concerned may have realised a gain in investment in the Units."

8. The sub-section headed "**6.4 Performance Fee**" on pages 56 to 57 of the Explanatory Memorandum and as amended by way of the Addendum dated 25 June 2011 shall be deleted in its entirety and replaced with the following:-

"6.4 Performance Fee

The Manager is also entitled to receive an annual performance fee.

Performance fee calculation

Performance fee is payable annually, calculated on a high-on-high basis (i.e. when the Net Asset Value per Unit as at the last Valuation Day of a performance period exceeds the High Water Mark (as defined below)) in accordance with the following formula:

$$(A-B) \times C \times D$$

where:

“A” is the Net Asset Value per Unit as at the last Valuation Day of each financial year (prior to the deduction of any provision for any performance fee and any distribution declared or paid in respect of that performance period) (“**Performance Fee Valuation Day**”)

“B” is the **High Water Mark**, which is the higher of:-

- (a) the Initial Offer Price; 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).

Where a performance fee is payable for a performance period, the Net Asset Value per Unit (after deduction of performance fee) on the last valuation day of that performance period will be set as the High Water Mark for the next performance period.

“(A-B)” means the outperformance of Net Asset Value per Unit, i.e. the amount by which the increase in Net Asset Value per Unit during the relevant performance period exceeds the High Water Mark.

“C” is the rate of performance fee payable (i.e. 15%)

“D” is the average number of Units in issue in the relevant performance period, calculated by adding the total number of Units in issue as at a valuation point on each Valuation Day of the relevant performance period divided by the total number of Valuation Days in such performance period.

Each performance period corresponds to the financial year of the Trust. 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.

Performance fee accrual

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 the High Water Mark, 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. If the Net Asset Value per Unit on a Valuation Day is

lower than or equal to the High Water Mark, all provision on previously accrued performance fee will be reversed and no performance fee will be accrued.

The price of Units subscribed for or realised during the relevant performance period will be based on the Net Asset Value per Unit (after accrual of performance fee as calculated in accordance with the above). Depending upon the performance of the Trust during the year, the price at which Unitholders subscribe for or realise Units at different times will be affected by performance of the Trust and this could have a positive or negative effect on the performance fee borne by them.

There is no equalisation arrangement in respect of the calculation of the performance fees. That means, there is no adjustment of equalisation credit or equalisation losses on an individual Unitholder basis based on the timing the relevant Unitholder subscribes or realises the relevant Units during the course of a performance period. The Unitholder may be advantaged or disadvantaged as a result of this method of calculating the performance fee.

A charge of performance fee may have been borne by a Unitholder notwithstanding the Unitholder concerned may have suffered a loss in investment in the Units. On the other hand, a Unitholder may not be subject to any performance fee notwithstanding the Unitholder concerned may have realised a gain in investment in the Units.

For instance, a Unitholder will be advantaged if he subscribes to the Trust during a performance period when the Net Asset Value per Unit is below the High Water Mark, and realises prior to the end of such performance period when the Net Asset Value per Unit has increased up to but does not exceed the High Water Mark at the time of his realisation, and thus, no performance fee is payable even though he has made a profit.

Likewise, a Unitholder will be disadvantaged if he subscribes to the Trust during a performance period when the Net Asset Value per Unit is above the High Water Mark and realises prior to or at the end of such performance period when the Net Asset Value per Unit at the time of realisation has decreased but remains above High Water Mark. Under such circumstances, he has paid the performance fee despite of a loss.

The Manager may, in its absolute discretion, share with, waive, reduce or rebate the payment of all or any portion of the Preliminary Charge, Realisation Charge, management fee and/or performance fee received by the Manager to any person including intermediaries introducing investors.

Illustrative examples

The examples below are shown for illustration purposes only and may contain simplifications.

Assumptions:

- The initial Issue Price for the relevant Unit is US\$10.
- The performance fee payable is 15% of the increase in the Net Asset Value per Unit during a performance period above the High Water Mark (i.e. outperformance of Net Asset Value per Unit).

- (I) First performance period (Net Asset Value per Unit above High Water Mark at the end of performance period – performance fee payable)

Investor A subscribes for one Unit during the initial offer period at the initial Issue Price. Thereafter, Investor B subscribes for one Unit mid-way through the first performance period at an Issue Price of US\$12. High Water Mark is the initial Issue Price, which is US\$10.

By the end of the first performance period, the Net Asset Value per Unit (before deducting performance fee accrual) is US\$11. The outperformance of Net Asset Value per Unit is thus US\$1. The average number of Units in issue on this Valuation Day is 1.5 Units.

The total performance fee payable by the Trust would be calculated as:

$$(US\$11 - US\$10) \times 15\% \times 1.5 \text{ Units} = US\$0.23.$$

At the end of the first performance period, the Net Asset Value per Unit will be reduced by US\$0.12 (i.e. US\$0.23 / 2 units). In effect, each of Investors A and B will have borne the US\$0.12 performance fee in respect of the first performance period.

- (II) Second performance period (Net Asset Value per Unit below High Water Mark on a particular Valuation Day – no performance fee accrual; Net Asset Value below High Water Mark at the end of performance period – no performance fee payable):

At the start of the second performance period, the High Water Mark is US\$10.88 (being the Net Asset Value per Unit at the end of the last performance period in respect of which a performance fee was paid (after deduction of performance fee)).

Mid-way through the second performance period, the Net Asset Value per Unit is US\$9.85. Investor A realises his Unit. Investor C subscribes for one Unit. On this Valuation Day, the Net Asset Value per Unit is below the High Water Mark. Therefore, no performance fee is accrued in respect of the Unit realised by Investor A.

At the end of the second performance period, the Net Asset Value per Unit becomes US\$10.5. No performance fee is payable in the second performance period as the Net Asset Value per Unit at the end of performance period is below High Water Mark. Although Investor C had a gain in this period, no performance fee is charged.”

(I) Miscellaneous Updates/Changes

1. In the first paragraph under the section headed “1.2 Trustee, Registrar, Administrator and Custodian and Register’s Agent”, the address of the Mandatory Provident Funds Authority which is stated as “5/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong” shall be deleted and replaced by the following address:

“Level 8, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, Hong Kong”

28 April 2017

Important

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

Value Partners Hong Kong Limited and Value Partners Limited (the “Managers”) accept full responsibility for the accuracy of the information contained in this notice and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief, there are no other facts the omission of which would make any statement in this notice misleading as at the date of issuance.

Unless otherwise stated, terms used in this notice shall have the same meanings ascribed to them under the explanatory memoranda of the respective Funds.

23 July 2018

NOTICE TO INVESTORS –

**VALUE PARTNERS CLASSIC FUND
VALUE PARTNERS FUND SERIES – VALUE PARTNERS ASIAN INCOME FUND
VALUE PARTNERS FUND SERIES – VALUE PARTNERS CHINA A-SHARE SELECT FUND
VALUE PARTNERS FUND SERIES – VALUE PARTNERS ASIAN TOTAL RETURN BOND FUND
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND
VALUE PARTNERS TAIWAN FUND
VALUE PARTNERS INTELLIGENT FUNDS – CHINA CONVERGENCE FUND
VALUE PARTNERS INTELLIGENT FUNDS – CHINESE MAINLAND FOCUS FUND
VALUE PARTNERS MULTI-ASSET FUND**

(EACH A “FUND”, AND COLLECTIVELY, THE “FUNDS”)

Dear Investors,

Change of Addresses

(a) Change of address of the Managers

We are writing to inform you that with effect from 11 August 2018 (the “**Effective Date**”), the registered office of Value Partners Hong Kong Limited and the business address of the Managers will be changed to:

**43rd Floor, The Center,
99 Queen’s Road Central,
Hong Kong**

E-mail, telephone and facsimile numbers remain unchanged.

(b) Change of principal place of business in Hong Kong

With effect from the Effective Date, the principal place of business in Hong Kong of Value Partners China Greenchip Fund Limited will also be changed to

**43rd Floor, The Center,
99 Queen’s Road Central,
Hong Kong**

(c) Change of address of HSBC Trustee (Cayman) Limited (“HKIC”) and Bank of Bermuda (Cayman) Limited (“BBCL”)

HKIC currently acts as administrator of and provides the principal office to the following funds:

- Value Partners China Greenchip Fund Limited
- Value Partners Greater China High Yield Income Fund (to which HKIC also provides the registered office)

BBCL currently acts as trustee, administrator and registrar of and provides the principal office to the following funds:

- Value Partners Intelligent Funds – China Convergence Fund
- Value Partners Intelligent Funds – Chinese Mainland Focus Fund
- Value Partners Taiwan Fund

With effect from 1 July 2018, the registered office and physical address of HKIC and BBCL have been changed to the following:–

HSBC Trustee (Cayman) Limited (“HKIC”)
P.O. Box 484
Strathvale House
Ground Floor
90 North Church Street
George Town
Grand Cayman
KY1-1106
Cayman Islands

Bank of Bermuda (Cayman) Limited (“BBCL”)
P.O. Box 513
Strathvale House
Ground Floor
90 North Church Street
George Town
Grand Cayman
KY1-1106
Cayman Islands

The Funds’ offering documents, subscription and redemption forms and other relevant forms or documents (where applicable) will be updated to reflect the change of addresses of the Managers, HKIC and BBCL and the change of the principal place of business in Hong Kong and the principal office in the Cayman Islands as set out above.

Please direct all your correspondence to the Managers’ new address with effect from the Effective Date. If you have any questions relating to the above, please contact our Fund Investor Services team at (852) 2143 0688 or email us at FIS@vp.com.hk or visit our website at www.valuepartners-group.com¹.

Value Partners Hong Kong Limited
Value Partners Limited

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