

Issuer: Value Partners Hong Kong Limited
October 2022

- This statement provides you with key information about this product.
- This statement is a part of the fund's Explanatory Memorandum.
- You should not invest in this product based on this statement alone.

Quick facts

Manager & RQFII holder: Value Partners Hong Kong Limited

Trustee: HSBC Institutional Trust Services (Asia) Limited

Custodian: The Hongkong and Shanghai Banking Corporation Limited

PRC Custodian: HSBC Bank (China) Company Limited

Ongoing charges over a year*:

	Exclusive of performance fees	Inclusive of performance fees
Class A Units: RMB (CNH)	1.86% ^β	1.86% ^β
Class A Units: USD Hedged	1.86% ^β	1.86% ^β
Class A Units: USD Unhedged	1.86% ^β	1.86% ^β
Class A Units: HKD Hedged	1.86% ^β	1.86% ^β
Class A Units: HKD Unhedged	1.86% ^β	1.86% ^β
Class A Units: EUR Hedged	1.86% ^β	1.86% ^β
Class A Units: EUR Unhedged	1.86% ^β	1.86% ^β
Class A Units: GBP Hedged	1.87% ^β	1.87% ^β
Class A Units: GBP Unhedged	1.86% ^β	1.86% ^β
Class A Units: AUD Hedged	1.87% ^β	1.87% ^β
Class A Units: AUD Unhedged	1.87% ^β	1.87% ^β
Class A Units: CAD Hedged	1.86% ^β	1.86% ^β
Class A Units: NZD Hedged	1.86% ^β	1.86% ^β
Class A Units: NZD Unhedged	1.86% ^β	1.86% ^β

Dealing frequency: Daily

Base currency: RMB

Dividend policy: Discretionary dividend (if any).
The Manager may, at its discretion, pay dividend out of capital or effectively out of capital of the Sub-Fund.
All distributions declared (if any) on the Sub-Fund will be automatically reinvested unless otherwise elected by the Unitholders, in which case the relevant proceeds will be paid to the Unitholders accordingly.

Financial year end of this fund: 31 December

Classes available: Class A: RMB (CNH), USD Hedged, USD Unhedged, HKD Hedged, HKD Unhedged, EUR Hedged, EUR Unhedged, GBP Hedged, GBP Unhedged, AUD Hedged, AUD Unhedged, CAD Hedged, CAD Unhedged, NZD Hedged, NZD Unhedged, SGD Hedged, SGD Unhedged

* The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the class of units 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 26 September 2022.

^β This figure is an annualized figure based on the expenses for the interim period ended 30 June 2022. The actual ongoing charges figure may be different and may vary from year to year.

Minimum initial investment:	Class A Units: RMB60,000 or equivalent
Minimum subsequent investment:	Class A Units: RMB30,000 or equivalent
Minimum holding:	Class A Units: RMB60,000 or equivalent
Minimum redemption amount:	Nil

What is this product?

- The Value Partners China A-Share Select Fund (the “Sub-Fund”) is a sub-fund of Value Partners Fund Series which is a unit trust established under the laws of Hong Kong.
- The Sub-Fund will invest predominantly in RMB-denominated equities in the PRC through the renminbi qualified foreign institutional investor (“RQFII”) status of the Manager, the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (collectively “Stock Connect”).

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to achieve long-term capital growth and income appreciation by predominately investing in RMB-denominated equities in the PRC by virtue of the Manager’s status under the RQFII framework and/or through Stock Connect. There can be no assurance that the Sub-Fund will achieve its investment objective.

Strategy

The Sub-Fund seeks to achieve its investment objective by investing at least 70% of its Net Asset Value in RMB- denominated equities issued in the PRC – this will predominantly be investments in A-Shares listed or being offered in an initial public offering to be listed on the Shanghai or Shenzhen stock exchange, with not more than 10% of the Sub-Fund’s Net Asset Value in public equity funds authorised by the CSRC. The Sub-Fund may also, for hedging purposes only, invest in warrants listed on the Shanghai or Shenzhen stock exchange, and stock index futures listed on the China Financial Futures Exchange.

The Sub-Fund may also make investments to a limited extent (not more than 30% of its Net Asset Value) in bonds and other fixed income instruments issued within or outside of the PRC, including urban investment bonds (not more than 10% of the Sub-Fund’s Net Asset Value) and fixed income instruments which (or the issuers of which) are unrated or rated Below Investment Grade (not more than 30% of the Sub-Fund’s Net Asset Value). If certain fixed income instruments in the Sub-Fund’s portfolio are subsequently downgraded such that this threshold of 30% is exceeded, the Manager will as soon as reasonably practicable make adjustments to the Sub- Fund’s portfolio so as to adhere to such threshold.

For the purposes of the Sub-Fund:

- (i) urban investment bonds are fixed income instruments issued by PRC local government financial vehicles (“LGFVs”) and traded on the exchange-traded bond markets and the inter-bank bond market in the PRC. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investments or infrastructure projects; and
- (ii) a fixed income security which is rated below investment grade is defined as a fixed income security which (or the issuer of which) is (a) within the PRC, rated BB+ or below by a local PRC credit rating agency; and (b) outside the PRC, rated below BBB-/Baa3 by an internationally recognised credit rating agency (such as Standard & Poor’s, Moody’s and/or Fitch) (“Below Investment Grade”); and an “unrated” fixed income security is defined as a fixed income security which neither the security itself nor its issuer has a credit rating.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating Below Investment Grade, or which are non-rated.

The Sub-Fund's investments will primarily be made within the PRC, although the Sub-Fund may invest not more than 30% of its Net Asset Value in assets outside of the PRC including: (a) for investment purposes, equities and equity funds listed outside of the PRC and fixed income instruments issued outside of the PRC, and (b) for hedging purposes only, warrants and futures listed outside of the PRC, index and currency swaps and currency forwards. Such investments outside of the PRC will primarily be denominated in RMB, HKD or USD, but may be denominated in any other currency.

Other than the aforesaid instruments, the Sub-Fund will not invest in asset backed securities (including asset backed commercial paper), structured deposits, structured products, financial derivative instruments or leverage for hedging or non-hedging purposes, and the Manager will not enter into any securities lending, repurchase or reverse-repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund. If this changes in the future, prior approval of the SFC (if required) will be sought and not less than one month's notice (or such other period of notice as may be approved under the Code on Unit Trusts and Mutual Funds) will be provided to Unitholders before the Sub-Fund enters into any such transaction.

The Sub-Fund's portfolio may also include cash and cash equivalents, up to 30% of its Net Asset Value. The Manager will adjust Sub-Fund's allocation to cash depending on the Sub-Fund's operational needs and prevailing market conditions.

The Sub-Fund may invest directly in the PRC's domestic securities markets through the Manager's status as a RQFII or via Stock Connect. Investments through Stock Connect may be up to 100% of the Sub-Fund's investment in A-Shares and may exceed 30% of the Sub-Fund's Net Asset Value.

The Manager intends to invest primarily in equity securities of companies in different industry sectors with any range of market capitalisation which have substantial exposure to the PRC. The Manager will use value investing strategies and a bottom-up research approach in stock selection.

Selection of debt securities for investment by the Sub-Fund will be based on the creditworthiness of the issuer by forecasting the issuer's credit profile for at least two years with a primary focus on the issuer's corporate profile, corporate strategy, forecasted cash flow and financial profile. Investment analysis will also take into account the leverage, liquidity, management and business of the issuer.

The Sub-Fund's portfolio will be allocated, according to asset class, as follows:

Asset class	Indicative percentage of Net Asset Value
Equities	70%-100%
Fixed income instruments	0-30%
Cash and cash equivalents	0-30%

Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. Investment risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses.

2. Concentration risk/single country risk

- The Sub-Fund is subject to concentration risk as a result of exposure to a single geographical region (the PRC). The Sub-Fund may be more volatile than a broadly based fund as it is more susceptible to fluctuation in value resulting from adverse conditions in the PRC.

3. Risks of investing in small- and mid-cap companies

- The Sub-Fund's equity portfolio may include small- and mid-cap companies. Investments in such companies may involve greater risks, such as limited product lines, markets and financial or managerial resources and lower liquidity.

4. Risks of investing in A-Shares and risks associated with the PRC

- The A-Share markets are still in a stage of development, which may lead to uncertainties and difficulties in settlement and recording of transactions and in interpreting and applying relevant regulations. These may lead to a higher level of volatility and instability associated with the A-Share markets.
- The liquidity and price volatility associated with A-Share markets are subject to greater risks of government intervention and imposition of trading band restrictions. Such factors may affect the performance of the Sub-Fund and the subscription and redemption of Units may also be disrupted.
- The financial reporting standards and practices applicable to PRC companies may be less rigorous. As the disclosure and regulatory standards in the PRC are less stringent than in more developed markets, there might be substantially less publicly available information about issuers in the PRC on which the Manager can base investment decisions.
- As the PRC is an emerging market, the Sub-Fund is subject to a greater risk of loss due to greater political, economic, legal and regulatory uncertainty and the potential retrospective effect of change in the PRC laws and regulations.

5. Risks of investing in fixed income instruments*Interest rate risk*

- Generally, the value of fixed income instruments is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro-economic policies in the PRC may adversely impact the value of the Sub-Fund's fixed income portfolio.

Credit risk

- Investment in fixed income instruments is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the issuers of the fixed income instruments held by the Sub-Fund, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.
- The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers who will generally be incorporated in the PRC and therefore not subject to the laws of Hong Kong.

Risks of investing in below minimum credit rating, Below Investment Grade and unrated bonds

- The Sub-Fund may invest in fixed income instruments which (or the issuers of which) are rated below the minimum credit rating or Below Investment Grade, or may not be rated by any rating agency of an international standard or any local PRC credit rating agency. Such instruments are generally subject to a higher degree of credit risk and a lower degree of liquidity, which may result in greater fluctuations in value and, consequently, the Net Asset Value of the Sub-Fund.

PRC credit ratings risks

- Some of the fixed income instruments held by the Sub-Fund (or their issuers) may have been assigned a credit rating by a local credit rating agency in the PRC. However, the local PRC rating process may lack transparency and the rating standards may be significantly different from that adopted by internationally recognised credit rating agencies. There is little assurance that credit ratings are independent, objective and of adequate quality.

6. Risks associated with the RQFII regime

- In the event of any default of either a PRC broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the Net Asset Value.

- Repatriations by RQFIs in respect of funds conducted in RMB are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

7. Risks associated with Stock Connect

- Stock Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong. Stock Connect is novel in nature. The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied.
- Stock Connect is subject to quota limitations which may restrict the Sub-Fund's ability to invest in A-Shares through the programme on a timely basis. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to access the PRC market through the programme will be adversely affected. The programme requires the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. In the event that the Sub-Fund's ability to invest in A-Shares through Stock Connect on a timely basis is adversely affected, the Manager will only be able to rely on RQFI investments to achieve the Sub-Fund's investment objective.

8. PRC tax risk

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by a foreign investor on its investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Having consulted professional and independent tax advisor, the Manager will not make any tax provision for gross realised or unrealised capital gains derived from trading of A-Shares via RQFI, Stock Connect and/or through access products with exposure to A-Shares, as well as PRC debt securities issued or listed offshore by PRC issuers.

9. Performance fee risk

- Performance fees may encourage the Manager to make riskier investment decisions than in the absence of performance-based incentive systems. The increase in Net Asset Value which is used as a basis for the calculation of performance fees may comprise of both realised gains and unrealised gains as at the end of the calculation period. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised by the Sub-Fund.
- There is no adjustment of equalisation credit or equalisation losses on an individual Unitholder basis. 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.

10. RMB currency risk

- The Sub-Fund's investments are primarily denominated in the RMB. The RMB is not freely convertible and subject to exchange controls and restrictions. There is no guarantee that RMB will not depreciate. Investors whose assets and liabilities are predominantly in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB as well as associated fees and charges.

11. Foreign exchange risk

- An investment in the Sub-Fund may involve exchange rate risk. The investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund (which is RMB). Fluctuations in the exchange rates between such currency and the base currency as well as associated fees and charges may have an adverse impact on the performance of the Sub-Fund.

12. Hedging risk

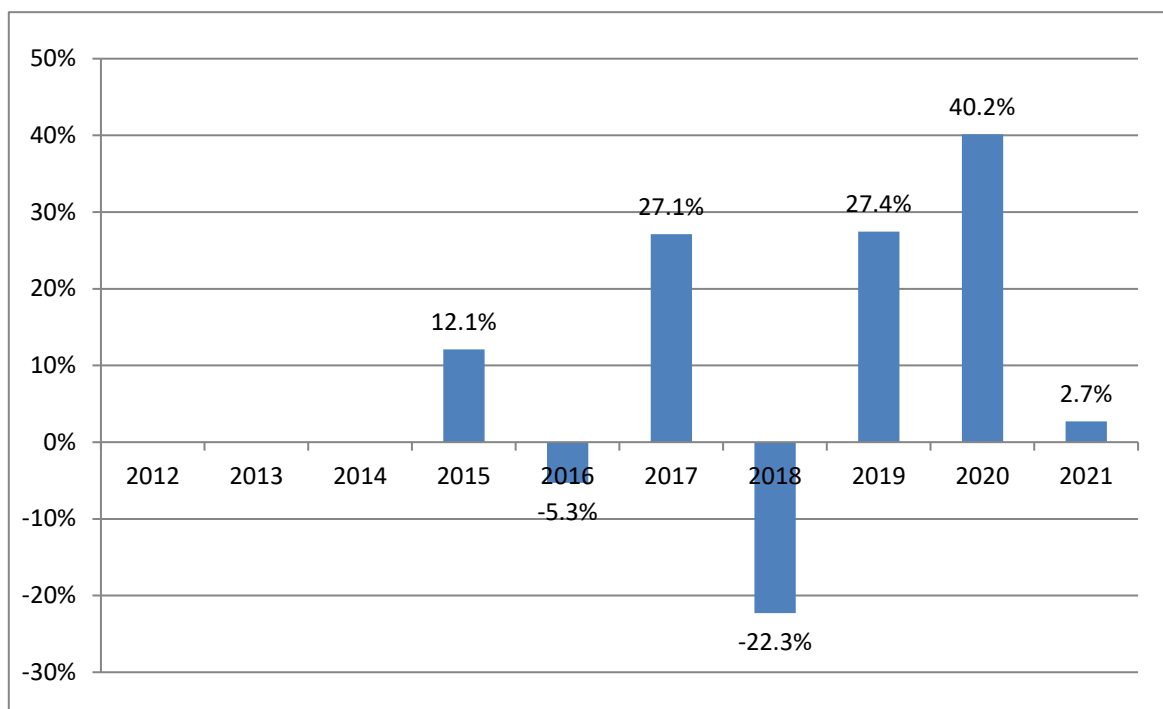
- The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result.

13. Derivative risk

- The Sub-Fund may from time to time invest in warrants and futures for hedging purposes. The use of such derivatives exposes a sub-fund to additional risks, including volatility risk, leverage risk, liquidity risk, correlation risk, counterparty risk, legal risk and settlement risk.

14. Dividends risk / distributions payable out of capital or effectively out of capital risk

- There is no guarantee that any dividends will be distributed and thus investors may not receive any distributions. Where there is a distribution, there will not be a target level of dividend payout.
- The Manager may, at its discretion, pay dividend out of capital or effectively out of capital of the Sub-Fund in circumstances where the net distributable income of a class is insufficient to pay for any dividend which may be declared. Payment of dividends out of capital or effectively out of capital may require the Manager to sell the assets of the Sub-Fund and amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of capital or effectively out of capital of Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit of the relevant class.
- Where any distribution involves payment of dividends out of capital or effectively out of capital of the Sub-Fund, investors should note that a high distribution yield does not imply a positive or high return on the total investment.

How has the fund performed?

- 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.
- The figures show by how much Class A Units: RMB (CNH) increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB 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.
- Sub-Fund launch date: 16 October 2014
- Class A Units: RMB (CNH) launch date: 16 October 2014
- Class A Units: RMB (CNH) have the longest history and are broadly indicative of the Sub-Fund's performance characteristics.

Is there any guarantee?

This Sub-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 Sub-Fund.

Fee	What you pay
	Class A Units
Subscription fee	Up to 5% of the subscription monies
Redemption fee*	Nil
Switching fee**	Nil

[^] Certain distributors may impose a charge for each switching of Units in a class of the Sub-Fund acquired through them for Units in another class of the Sub-Fund, which will be deducted at the time of the switching and paid to the relevant distributors. Unitholders who intend to switch their Units in one class to Units in another class should check with their respective distributors for the charge on switching.

Ongoing fees payable by the Sub-Fund

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

	Annual rate (as a % of the class of Units' Net Asset Value)
Management fee*	Class A Units: 1.50%
Performance fee*	<p>Class A Units:</p> <p>In respect of each class of Units, 15% of the appreciation in the Net Asset Value per unit in the relevant class (prior to the deduction of any provision for any performance fee and any distribution declared or paid in respect of the relevant performance period(s) since the last performance fee is crystallised and paid) in the relevant performance period over the high watermark per unit calculated annually on a high-on-high basis.</p> <ul style="list-style-type: none"> • The high watermark will initially be set at the initial subscription price per unit of the relevant class. • Each performance period corresponds to the financial year of the Sub-Fund. • Where a performance fee is payable to the Manager for a performance period, the Net Asset Value per unit of that class (after deduction of all fees including any performance fee and any distribution declared or paid) on the last valuation day of that performance period will be set as the high watermark for the next performance period. • If any units are redeemed part way through a performance period, accrued performance fee will be crystallised and payable to the Manager after the end of the relevant performance period. • For details please refer to the section headed "Fees payable by the Trust - Performance fee" in the Explanatory Memorandum.
Trustee fee*	<p>0.135% for the first RMB980 million in Net Asset Value of the Sub-Fund; 0.13% for the portion over the first RMB980 million up to and including RMB5,200 million in the Net Asset Value of the Sub-Fund; 0.125% for the balance in excess of RMB5,200 million in the Net Asset Value of the Sub-Fund (inclusive of fees payable to the Custodian and the PRC Custodian).</p> <p>The Trustee fees are subject to a monthly minimum of RMB30,000.</p>
Other fees	You may have to pay other fees when dealing in the Units of the Sub-Fund.

* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected unitholders at least one month's prior notice. For details please refer to the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional information & other RQFII information

- You generally buy and redeem units at the Sub-Fund's next-determined Net Asset Value after the administrator receives your request in good order at or before 5:00 pm (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The Sub-Fund's Net Asset Value and the latest subscription and redemption prices of units are available each business day on the Manager's website www.valuepartners-group.com (this website has not been reviewed by the SFC).
- You may obtain the past performance information of other unit classes offered to Hong Kong investors on the website www.valuepartners-group.com (this website has not been reviewed by the SFC).
- The compositions of the dividends (i.e. the relative amounts paid from net distributable income and capital) for the last 12 months will be available from the Manager on request and on the Manager's website.
- Investors may obtain information on the distributor(s) appointed in respect of the Sub-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.