

PRODUCT KEY FACTS

Value China A-Share ETF

A sub-fund established under the Value Partners ETFs

Issuer: Value Partners Hong Kong Limited

April 2020

This is a passive exchange traded fund.

This statement provides you with key information about this product.

This statement is a part of the Prospectus.

You should not invest in this product based on this statement alone.

Quick facts

Stock code:	83095 – RMB counter 03095 – HKD counter
Trading lot size:	500 Units – RMB counter 500 Units – HKD counter
Manager and RQFII Holder:	Value Partners Hong Kong Limited 惠理基金管理香港有限公司
Investment Adviser:	Sensible Asset Management Hong Kong Limited 盛寶資產管理香港有限公司
Trustee and Registrar:	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[#]:	1.15% ^y
Tracking difference of the last calendar year^{##}:	-2.57%
Underlying Index:	FTSE Value-Stocks China A-Share Index
Trading currency:	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Base currency:	Renminbi (RMB)
Distribution policy:	The Sub-Fund aims to make distributions semi-annually in March and September (if any) subject to the Manager's discretion. The Manager may, at its discretion, pay distributions out of capital of the Sub-Fund. Where distributions are distributed out of capital or effectively out of capital, this may result in an immediate reduction of NAV per Unit. All Units (whether RMB or HKD traded Units) will receive distributions in RMB only.

Financial year end of this fund:

31 March

ETF Website:

<https://www.valueETF.com.hk/eng/value-china-a-share-etf.html> (this website has not been reviewed by the SFC)

The ongoing charges figure is expressed as a percentage of the sum of expenses over the average NAV of the Sub-Fund for the corresponding period as described below. This figure may vary from year to year. Information is updated as at 9 December 2019.

∨ *This figure is an annualised figure based on the expenses for the interim period ended 30 September 2019. The actual ongoing charges figure may be different and may vary from year to year.*

This is the actual tracking difference of the calendar year ending on 31 December 2019. Investors should refer to the Sub-Fund's website for more up-to-date information on actual tracking difference.

What is this product?

Value China A-Share ETF (the “**Sub-Fund**”) is a sub-fund of Value Partners ETFs Trust, an umbrella unit trust established under Hong Kong law. The Sub-Fund is a passively-managed ETF listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”). The units of the Sub-Fund (the “**Units**”) are traded like stocks.

The Sub-Fund is a physical ETF which invests directly in the PRC's domestic securities markets through the Manager's status as a renminbi qualified foreign institutional investor (“**RQFII**”) and the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (“**Stock Connect**”).

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Value-Stocks China A-Share Index (the “**Index**”).

Strategy

In seeking to achieve the Sub-Fund's investment objective, the Manager uses a full replication strategy through investing directly in A-Shares included in the Index in substantially the same weightings in which they are included in the Index, through the RQFII regime and Stock Connect. The Manager may invest up to 100% of the Sub-Fund's NAV through either RQFII and/or Stock Connect. The Manager will not adopt representative sampling as an investment strategy.

Prior approval of the SFC will be sought and not less than one month's prior notice will be given to the Unitholders in the event the Manager wishes to adopt investment strategy other than full replication strategy.

The Sub-Fund has no present intention to use financial derivative instruments for hedging or non-hedging purposes. Non-hedging purposes include cost reduction and investment purpose. Any change in this regard is subject to the prior approval of the SFC and not less than one month's prior notice to the Unitholders.

The Sub-Fund may invest up to 5% of NAV in money market instruments, cash and/or cash equivalent for cash management purposes.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Schedule 1 of the Prospectus.

The Sub-Fund will not engage in any securities lending, repurchase transactions or other similar over-the-counter transactions. Any change in this regard is subject to the prior approval of the SFC and not less than one month's prior notice to the Unitholders.

Index

The Index is a total return, free float-adjusted market capitalisation-weighted index and is denominated in RMB. The Index was launched on 22 February 2011 and has a base date of 31 May 2005 and a base value of 1,000. As at 31 March 2020, it had a total market capitalisation of RMB 9,476 billion and 50 constituents. The Index is calculated and disseminated in RMB on a real time basis.

The Index usually consists of 50 quality value stocks amongst liquid and tradeable A-Share companies listed on the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE"). Constituents of the Index must pass a value screening process which includes valuation, quality and contrarian factors. Companies passing through the screening process are ranked by PE ratio and the 50 companies with the lowest PE ratios are selected. Constituent stocks are capped at 10% at the semi-annual Index review to avoid overconcentration in any one stock.

FTSE (the "Index Provider") is responsible for the operation, calculation and the maintenance of the Index as well as the publication and record keeping, while Value Partners Index Services Limited ("VPISL") is responsible for undertaking the index screening review of the Index.

Please refer to the Index Provider's website at <https://www.ftserussell.com/products/indices/value-stocks> (this website has not been reviewed by the SFC) for the most updated list of the constituents of the Index, the respective weighting of the constituents and other additional information of the Index. The Index is also available on Bloomberg (GPVP9TR) and Thomson Reuters (.FTGPVP009) in real time.

Use of derivatives

The fund will not use derivatives for any purposes.

What are the key risks?

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

1. Investment risks

- The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the fund may suffer losses. There is no guarantee of the repayment of principal.

2. Concentration risks

- The Sub-Fund is subject to concentration risk as a result of tracking the performance of a single geographical region (the PRC) and may likely be more volatile than a broad-based fund.

3. RQFII regime risks

- In the event of any default of either a PRC broker or the PRC Custodian (directly or through its delegate) 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 NAV.

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- There can be no assurance that the RQFII status of the Manager will not be suspended or revoked. In such event, the Manager may suspend creations of Units and the trading price of a Unit will be at a significant premium to the NAV of each Unit (which may also increase tracking error of the Sub-Fund).

4. RMB trading and settlement of Units risks

- Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB traded Units.
- The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded Units.

5. Dual counter risks

- If there is a suspension of the inter-counter transfer of Units between the counters and/or any limitation on the level of services by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter only, which may inhibit or delay an investor dealing. The market price of Units traded in each counter may deviate significantly. As such, investors may pay more or receive less when buying or selling units traded in HKD on the SEHK than in respect of Units traded in RMB or other currencies and vice versa.
- Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.
- Not all brokers and CCASS participants may be familiar with and able to buy Units in one counter and to sell Units in the other or to carry out inter-counter transfers of Units or to trade both counters at the same time. This may inhibit or delay an investor dealing in both HKD traded Units and RMB traded Units and may mean an investor can only trade in one currency.

6. PRC related risks

- Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may also be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that A-Shares may not be available.
- Investing in PRC-related companies and in the PRC markets involve certain risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity, legal and regulatory risk.
- The PRC imposes limitations or restrictions on foreign ownership or holdings of A-Shares which may have adverse effects on the liquidity and performance of the Sub-Fund. This may cause tracking error and, at worst, the Sub-Fund may not be able to achieve its investment objective.

7. PRC tax risk

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via RQFII quota or Stock Connect on investments in the PRC (which may have retrospective effect).
- The tax exemption granted to QFIIs and RQFIIs by the relevant PRC authorities is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the NAV of the Sub-Fund.
- If actual tax is collected by the State Administration of Taxation of the PRC and the Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made, the NAV of the Sub-Fund may be adversely affected, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund.

8. RMB currency risks

- The Sub-Fund is denominated in RMB. RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

9. Stock Connect risks

- The relevant rules and regulations on Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

10. Trading differences risks

- As the SSE and the SZSE may be open when Units in the Sub-Fund are not priced, the value of the securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Units.
- Differences in trading hours between stock exchanges in the PRC (i.e. the SSE and SZSE) and the SEHK may increase the level of premium/discount of the Unit price to its NAV because if a PRC stock exchange is closed while the SEHK is open, the Index level may not be available.
- China A-Shares are subject to trading bands which restrict increases and decreases in the trading price. Units listed on the SEHK are not. This difference may also increase the level

of premium or discount of the Unit price to its NAV.

11. Reliance on the Value Partners group and conflicts of interests risks

- The Index was designed by VPISL and VPISL is responsible for undertaking the index screening review of the Index. VPISL, the Manager and the Investment Adviser are connected persons because the ultimate holding company of VPISL is the holding company of the Manager and the Investment Adviser. The Manager and VPISL also share resources. The functions which VPISL, the Manager and the Investment Adviser will perform in connection with the Sub-Fund may give rise to potential conflicts of interest.
- Nonetheless, the Manager does not consider that this will be a concern for the following reasons: (a) the operations of VPISL and of the Manager and the Investment Adviser are handled by different personnel; (b) the Value Partners Group has internal policies and procedures which ensure that effective "Chinese Walls" are created and maintained; (c) the Value Partners Group has IT firewall procedures restricting access to information to authorised personnel; and (d) the Index is calculated strictly in accordance with clear methodology and rules. As such, VPISL is operationally independent of the Manager and the Investment Adviser. In addition, all transactions (including those with VPISL) carried out by or on behalf of the Sub-Fund by the Manager and the Investment Adviser will be on arm's length terms. If and to the extent any conflict of interest with VPISL arises, the Manager and the Investment Adviser will, at all times, have regard in such event to its obligations to the Sub-Fund and Unitholders and will endeavour to ensure such conflicts are resolved fairly and in accordance with applicable law and regulation.

12. Distributions related risks

- There is no assurance that the Sub-Fund will declare to pay distributions. Investors may not receive any distributions.
- Distributions may be distributable out of capital or out of gross income while all or part of fees and expenses of the Sub-Fund are charged to capital, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital.
- Payment of distributions out of capital or effectively out of capital 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 out of capital or effectively out of capital may result in an immediate reduction of the NAV per Unit.
- The Manager may amend the distribution policy of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month prior notice to the Unitholders.

13. Termination risk

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below RMB150 million. Investors may not be able to recover their investments and suffer a loss when the fund is terminated. Please refer to the section "Termination" in the Prospectus for further details.

14. Passive investment risks

- The Sub-Fund is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Sub-Fund. Falls in the

Index are expected to result in corresponding falls in the value of the Sub-Fund.

15. Manager reliance risks

- Although the Manager group has significant experience of managing ETFs, including one ETF with a dual counter and units trading in RMB and HKD, and the Manager has key personnel with experience in managing unlisted retail funds investing in A-Shares, the Manager has no experience of managing ETFs which invest directly in the A-Share market.

16. Trading risk

- Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as the demand and supply of the Units. Therefore, the Units may trade at a substantial premium or discount to the Sub-Fund's NAV.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the NAV per Unit when buying Units on the SEHK, and may receive less than the NAV per Unit when selling Units on the SEHK.
- The Units in the RMB counter are RMB denominated securities traded on the SEHK and settled in CCASS. Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB traded Units. The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded units.
- It is possible that the Sub-Fund will rely on only one broker for each of the SSE and the SZSE (which may be the same broker). Should for any reason, the Manager be unable to use the relevant broker in the PRC, the operations of the Sub-Fund would be adversely affected and may cause Units to trade at a premium or discount to the Sub-Fund's NAV or cause the Sub-Fund to be unable to track the Index.

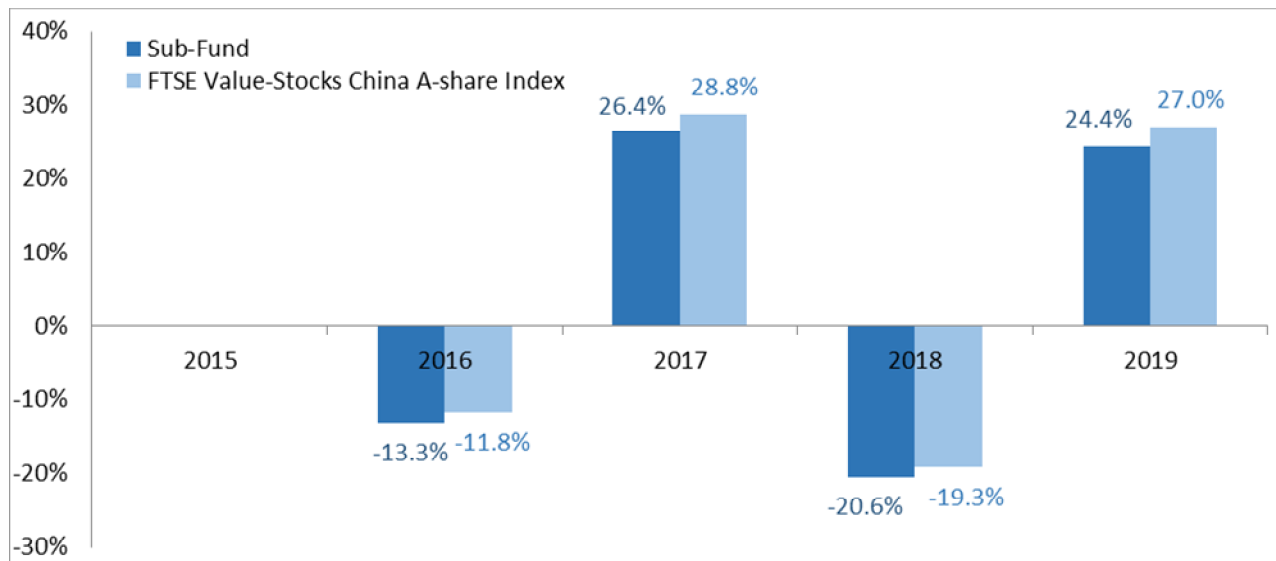
17. Reliance on market maker risks

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the units traded in each counter (which can be the same market maker) and that at least one market maker to each counter is required to give not less than 3 months' notice prior to terminating market making under the relevant market maker agreement, liquidity in the market for the units may be adversely affected if there is no or only one market maker for the RMB and HKD traded Units. There is also no guarantee that any market making activity will be effective.
- There may be less interest by potential market makers making a market in Units denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

18. Tracking error risk

- The Sub-Fund may be subject to tracking error risk, which is the risk that its performance may not track that of the index exactly. This tracking error may result from the investment strategy used, and fees and expenses. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Index.

How has the Sub-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 dividends (if any) reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding your trading costs on the SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 24 March 2015

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Sub-Fund on the SEHK

Fees	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027% ¹
SEHK trading fee	0.005% ²
Stamp duty	Nil
Inter-counter transfer	HKD5 ³

¹ Transaction levy, presently 0.0027% of the trading price of the Units, is payable by each of the buyer and the seller.

² Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.

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 NAV of the Sub-Fund which may affect the trading price.

	Annual rate (as a % NAV)
Management fee* The Sub-Fund pays a management fee to the Manager.	0.10%
Trustee's and Registrar's fee* The Sub-Fund pays a trustee's and registrar's fee to the Trustee. The Trustee pays the fees (if any) of the Custodian and PRC Custodian. Such fees shall not be borne by the Sub-Fund.	0.10% (subject to a minimum of RMB30,000 per month)
<i>* Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to the Unitholders. Please refer to the section of the prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Sub-Fund.</i>	
Performance fee	Nil
Administration fee	Nil

Other fees

You may have to pay other fees when dealing in the Units.

Additional information

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), both in the English and in the Chinese languages, on the Manager's website at <https://www.valueETF.com.hk/eng/value-china-a-share-etf.html> (this website has not been reviewed by the SFC) including:

- (a) the Prospectus and this statement (as revised from time to time);
- (b) the latest annual and interim financial reports;
- (c) any notices for material alterations or additions to the Prospectus or the Sub-Fund's constitutive documents;
- (d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and the Index, the notices of the suspension of the calculation of the NAV, changes in fees and the suspension and resumption of trading;
- (e) the near real time indicative NAV per Unit throughout each Dealing Day in RMB and in HKD updated every 15 seconds throughout each Dealing Day;
- (f) the latest list of the participating dealers and market makers;
- (g) the last NAV of the Sub-Fund in RMB only and the last NAV per Unit in RMB and in HKD;
- (h) the constituents of the Index and the level of the Index
- (i) the full holdings of the Sub-Fund (updated on a daily basis); and
- (j) the composition of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12-month period.

The near real time indicative NAV per Unit in HKD, under (f) above, is indicative and for reference only. This is updated during SEHK trading hours and is calculated by ICE Data Indices, LLC or

³ HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer between one counter and the other counter. Investors should check with their brokers regarding any additional fees.

other third party interactive data vendor using the near real time indicative NAV per Unit in RMB multiplied by a near real time HKD:RMB foreign exchange rate for offshore RMB (CNH) quoted by ICE Data Indices, LLC or other third party interactive data vendor. Since the estimated NAV per Unit in RMB will not be updated when the underlying A-Shares market is closed, the change in the estimated NAV per Unit in HKD (if any) during such period is solely due to the change in the near real time foreign exchange rate.

The last NAV per Unit in HKD, under (g) above, is indicative and for reference only and is calculated by the Trustee using the official last NAV per Unit in RMB multiplied by an assumed foreign exchange rate (i.e. not a real time exchange rate) being the exchange rate quoted by Thomson Reuters or other third party interactive data vendor for offshore RMB (CNH) at 3:00 p.m. (Hong Kong time) as of the same dealing day. Similarly, the last NAV per Unit in RMB and the last NAV per Unit in HKD will remain unchanged during the period when the A-Share market is closed for normal trading. Please refer to the Prospectus for details.

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.