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The Manager accepts full responsibility for the accuracy of the information contained in this notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief at the date hereof, there are no other facts the omission of which would make any statement misleading and that opinions expressed in this notice have been arrived at after due and careful consideration.

Investments involve risks, including the loss of principal. You are advised to consider your investment objectives and circumstances in determining the suitability of an investment in the Trust. An investment in the Sub-Fund may not be suitable for everyone. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.



**Value Partners**

## **VALUE CHINA A-SHARE ETF**

*(A sub-fund of Value Partners ETFs Trust, a Hong Kong umbrella unit trust, authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong)  
(the “Sub-Fund”)*

*(RMB Counter Stock Code: 83095)  
(HKD Counter Stock Code: 03095)*

### **Notice to Unitholders**

**This notice is important and requires your immediate attention. If you are in any doubt about the contents of this notice, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent professional advice.**

**All capitalised terms in this notice shall have the same meaning as in the Prospectus of the Sub-Fund dated 19 March 2015 (as amended or supplemented from time to time) unless otherwise stated.**

Dear Unitholders,

We, the Manager of the Trust, wish to inform you that the Prospectus and Product Key Facts Statement of the Sub-Fund will be amended with effect from 1 January 2020 (the “Effective Date”) to reflect the following changes as a result of the updates to the SFC’s Code on Unit Trusts and Mutual Funds.

## **A. Background**

The SFC has published a revised Code on Unit Trusts and Mutual Funds (the “Revised UT Code”) which came into effect on 1 January 2019. The SFC allows a 12-month transition period from 1 January 2019 for existing schemes including the Sub-Fund to comply with the Revised UT Code. The Revised UT Code contains certain disclosure and content requirements relating to the constitutive documents and offering documents of a fund.

In this connection, the Trust Deed of the Sub-Fund will be amended and restated to reflect the provisions of the Revised UT Code. The disclosure in the Prospectus (including the Product Key Facts Statement) of the Sub-Fund will also be revised to reflect the updated disclosure requirements of the Revised UT Code.

## **B. Changes pursuant to the Revised UT Code**

The following key changes are made to the Trust Deed and/or the Prospectus of the Sub-Fund (where applicable) to reflect the Revised UT Code with effect from the Effective Date:

1. Trustee and Manager – additional obligations of the Trustee and the Manager under Chapters 4 and 5 respectively of the Revised UT Code.
2. Investment Restrictions: Core Requirements – amendments to the core requirements of the investment limitations and prohibitions under Chapter 7 of the Revised UT Code, including but not limited to amendments in relation to the following:
  - (a) the Sub-Fund may not invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;
  - (b) the maximum borrowing of the Sub-Fund will be reduced from 25% to 10% of its Net Asset Value;
  - (c) the Sub-Fund shall not lend or make any loans out of the assets of the Sub-Fund except to the extent that, in either case, the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan. Note that currently, the Sub-Fund may lend or make a loan out of the assets of the Sub-Fund with the prior written consent of the Trustee; and
  - (d) the Sub-Fund shall not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Revised UT Code. Note that currently, the Sub-Fund may assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person with the prior written consent of the Trustee.
3. Restrictions on redemption – to adopt the flexibility accorded under the Revised UT Code, with effect from the Effective Date, a redemption gate may be imposed by the Manager by reference to the total Net Asset Value of a Sub-Fund such that the Manager may limit the total number of Units of a Sub-Fund that may be redeemed on any Dealing Day (whether by purchase by the Manager or by cancellation) to 10%, or such other percentage as the Manager may determine either generally or in respect of any particular Dealing Day and as permitted by the SFC, of the total Net Asset Value of the relevant Sub-Fund on such Dealing Day. Note that currently the Manager may limit the number of Units of a Sub-Fund that may be redeemed on any Dealing Day to 10% of the total number of Units of all classes of such Sub-Fund in issue.

#### 4. Other Amendments

- (a) Custody Arrangements – enhanced disclosures in the revised Prospectus on summary of custody arrangements in respect of the Sub-Fund’s assets.
- (b) Unclaimed monies – additional disclosure in the revised Prospectus that any unclaimed proceeds or other cash held by the Trustee upon termination of the Sub-Fund or a class of units, as the case may be, may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.
- (c) Transactions with connected persons – amendments to reflect the requirements under the Revised UT Code on transactions with connected persons and soft dollars arrangements.
- (d) Market maker arrangement – enhanced disclosures in the revised Prospectus relating to the market maker arrangement of the Trust and the Sub-Fund and that 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 and that at least one Market Maker is required to give not less than 3 months’ notice prior to terminating market making under the relevant market making agreement.
- (e) Index constituents and additional information – amendments of disclosure relating to the index information such that the most updated list of the constituents of the Index, weighting of the constituents and additional information of the Index can be accessed on the website of FTSE at <https://www.ftserussell.com/products/indices/value-stocks> (this website has not been reviewed by the SFC).
- (f) Information available on the website – enhanced disclosures relating to the information relating to the Sub-Fund which will be made available on the Manager’s website <http://www.valueETF.com.hk/> (this website has not been reviewed by the SFC).
- (g) Appointment of participating dealer agents or delegates – enhanced disclosures in the revised Prospectus to allow for the flexibility to appoint participating dealer agents or delegates.

#### **C. Change of Directors of the Investment Adviser**

Mr. Cheung Kin Yan Kenny has been appointed as director of the Investment Adviser with effect from 13 March 2019. Currently, the directors of the Investment Adviser are namely Mr. So Chun Ki Louis, Dr. Au King Lun, Mr. Quah Kung Beng David and Mr. Cheung Kin Yan Kenny.

#### **D. Change of Address of the Manager and the Investment Adviser**

The address of the Manager and the Investment Adviser has changed to 43/F, The Center, 99 Queen’s Road Central, Hong Kong.

#### **E. Miscellaneous Updates**

Other changes have also been made to the Trust Deed, Prospectus and/or the Product Key Facts Statements of the Sub-Fund (where applicable), including:

- (a) updates to the profiles of the Manager and the Investment Adviser and biographies of their respective directors;
- (b) updates to the list of Participating Dealers and HKD counter and RMB counter Market Makers and their respective address information;
- (c) clarificatory amendments to the amount of Transaction Fee payable by Participating Dealers on creations and redemptions (as applicable) of Units by expressing this amount in RMB (currently expressed in US dollars) instead. For the avoidance of doubt, this change will not affect the level of fees currently payable by Participating Dealers;
- (d) updates to the disclosures relating to Stock Connect and the addition of disclosures relating to The Shenzhen-Hong Kong Stock Connect;
- (e) updates to the market information relating to the offshore RMB market and the PRC's A-Share market;
- (f) updates to the Index information and description;
- (g) clarificatory amendments to the valuation rules;
- (h) updates of taxation disclosures;
- (i) enhancement of risk factor regarding the US Foreign Account Tax Compliance Act;
- (j) enhanced disclosures relating to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong);
- (k) updates to disclosures relating to QFII/RQFII as a result of the removal of quota requirements under QFII/RQFII programme; and
- (l) removal of obsolete disclosures and other miscellaneous updates, drafting and editorial amendments.

Please refer to the updated Prospectus (including the Product Key Facts Statement) of the Sub-Fund and the amended and restated Trust Deed of the Sub-Fund for further details.

## **F. Implications of Changes**

Save as disclosed in this notice, the changes set out above will not result in any material change to the investment objective and risk profile of the Trust. There will be no increase in the fees payable out of the assets of the Sub-Fund as a result of these changes. These changes will also not result in a change in the manner in which the Sub-Fund currently operates or is being managed.

The updated Prospectus (including the Product Key Facts Statement) of the Sub-Fund will be available from the Effective Date on the Manager's website <http://www.valueETF.com.hk/> (this website has not been reviewed by the SFC) and the SEHK website [www.hkex.com.hk](http://www.hkex.com.hk). If you have any queries concerning the above, please contact the Manager at (852) 2143 0628 during office hours which are from 9:00 a.m. to 6:00 p.m.

The Manager accepts responsibility for the information contained in this notice as being accurate at the date hereof.

**Value Partners Hong Kong Limited**  
29 November 2019