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The Stock Exchange of Hong Kong Limited (the “SEHK”), Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission (the “SFC”), take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.

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 Trust 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 ETF

*(A Hong Kong unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong)
(the “Trust”)*

Stock Code: 3046

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 Trust dated 25 February 2011 (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 Trust 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 Trust 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 Trust 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 Trust 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 Trust (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 Trust 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 Trust will be reduced from 25% to 10% of its Net Asset Value;
 - (c) the Trust shall not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. Note that currently, the Trust 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; and
 - (d) alignment of the Trust’s investment policies on financial derivative instrument (“FDIs”) with the Revised UT Code and the latest handbook, code and/or guideline issued by the SFC from time to time, including, but not limited to, the SFC’s Guide on the Use of Financial Derivative Instruments for Unit Trusts and Mutual Funds.
3. Other Amendments
 - (a) Custody Arrangements – enhanced disclosures in the revised Prospectus on summary of custody arrangements in respect of the Trust’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 Trust 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) Financial derivative instruments – enhanced disclosures relating to the use of financial derivative instruments by the Trust for hedging or non-hedging purposes.
- (e) Securities financing transactions – (i) enhanced disclosures relating to the policies of securities financing transactions (only applicable where such transactions are permitted under the Prospectus of the Trust) including, criteria of counterparty, collateral requirements, custody/safekeeping arrangement of assets subject to these transactions and risks relating to securities financing transactions or other similar over-the-counter transactions. In particular, all revenues arising from the securities lending transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities lending transactions will be returned to the Trust; and (ii) clarificatory disclosures that there is no current intention for the Trust to engage in securities financing transactions.
- (f) Collateral policy – enhanced disclosures relating to the selection criteria, nature and policy of the collateral held by the Trust and description of the holdings of collateral including nature and quality of collateral, haircut policy, policies on re-investment of cash collateral, safekeeping arrangement and risks associated with collateral management.
- (g) Market maker arrangement – enhanced disclosures in the revised Prospectus relating to the market maker arrangement of the Trust 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.
- (h) Valuation policies – enhanced disclosures in the revised Prospectus on summary of the valuation policies of the Trust.
- (i) 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).
- (j) Information available on the website – enhanced disclosures relating to the information relating to the Trust which will be made available on the Manager’s website <https://www.valueetf.com.hk/eng/> (this website has not been reviewed by the SFC).

C. Change of Directors of the Manager

Mr. Cheung Kin Yan Kenny has been appointed as director of the Manager with effect from 13 March 2019. Currently, the directors of the Manager 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 Sub-Manager

The address of the Manager and the Sub-Manager 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 Statement of the Trust (where applicable), including:

- (a) updates to the profiles of the Manager and the Sub-Manager and biographies of their respective directors;
- (b) updates to the list of Participating Dealers and their respective address information;
- (c) enhanced disclosures in the revised Prospectus to allow for the flexibility to appoint Participating Dealer agents or delegates;
- (d) 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 HK dollars (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;
- (e) clarificatory amendments to the valuation rules;
- (f) enhancement of risk factor regarding the US Foreign Account Tax Compliance Act;
- (g) enhanced disclosure relating to Automatic Exchange of Financial Account Information and certification for compliance with FATCA or other applicable laws;
- (h) enhanced disclosures relating to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong);
- (i) updates to the disclosure on stamp duty;
- (j) removal of the period of the Trust (currently set at 80 years), as there is no rule against perpetuity of trust under Hong Kong law for an instrument taking effect on or after the commencement of the Trust Law (Amendment) Ordinance 2013; and
- (k) 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 Trust and the amended and restated Trust Deed of the Trust 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 Trust as a result of these changes. These changes will also not result in a change in the manner in which the Trust currently operates or is being managed.

The updated Prospectus (including the Product Key Facts Statement) of the Trust will be available from the Effective Date on the Manager's website <https://www.valueetf.com.hk/eng/> (this website has not been reviewed by the SFC) and the SEHK website 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.

Sensible Asset Management Hong Kong Limited

19 December 2019