Value Partners

VALUE JAPAN ETF

(A sub-fund of Value 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**")

Stock Code: 3084

Addendum to the Prospectus

This Addendum forms an integral part of, and should be read in conjunction with, the Prospectus of the Sub-Fund dated 21 May 2012, as amended or supplemented (the "Prospectus"). All capitalised terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. If you are in any doubt about the contents of this Addendum, you should seek independent professional advice.

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

The Prospectus is hereby amended as follows:

1. Under the section entitled "STATUTORY AND GENERAL INFORMATION", the following paragraphs are inserted immediately following the sub-section entitled "Part XV of the Securities and Futures Ordinance" on page 48 of the Prospectus:

   "**Automatic Exchange of Financial Account Information**

   The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FIs") in Hong Kong to collect certain required information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the Hong Kong Inland Revenue Department ("IRD") for the purpose of AEOI exchange. Generally, the information will be reported and automatically exchanged in respect of account holders that are tax residents in an AEOI partner jurisdiction(s) with which Hong Kong has a Competent Authority Agreement ("CAA") in force; however, the Sub-Fund and/or its agents may further collect information relating to residents of other jurisdictions.

   The Sub-Fund is required to comply with the requirements of the Ordinance, which means that the Sub-Fund and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors.

   The Ordinance as implemented by Hong Kong requires the Sub-Fund to, amongst other things: (i) register the Sub-Fund as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the required information reported to it to the government authorities of the jurisdictions with which Hong Kong has a CAA in force. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a

jurisdiction with which Hong Kong has a CAA in force; and (ii) certain entities controlled by individuals who are tax residents in such jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, place of birth, address, tax residence, tax identification number (if any), account number, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions.

By investing in the Sub-Fund and/or continuing to invest in the Sub-Fund, Unitholders acknowledge that they may be required to provide additional information to the Sub-Fund, the Manager and/or the Sub-Fund's agents in order for the Sub-Fund to comply with the Ordinance. The Unitholder's information (and information on controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities), may be transmitted by the IRD to authorities in other jurisdictions.

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 Sub-Fund.

Certification for Compliance with FATCA or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Sub-Fund (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 Sub-Fund 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 or any other jurisdiction (including any law, rule and requirement relating to AEOI) and reporting obligations that may be imposed by future legislation.

Power to Disclose Information to Authorities

Subject to applicable laws and regulations in Hong Kong, the Manager, the Trustee or any of their authorised person (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 IRS and the IRD), 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 Sub-Fund 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)."

2. Under the section entitled "STATUTORY AND GENERAL INFORMATION", the following paragraphs are inserted immediately following the sub-section entitled "Anti-Money Laundering Regulations" on page 49 of the Prospectus:

"**Liquidity Risk Management**

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Sub-Fund and to ensure that the liquidity profile of the investments of the Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet redemption 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 redemptions.

The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of the Sub-Fund. 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 Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "CREATIONS AND REDEMPTIONS (PRIMARY MARKET)", and will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Sub-Fund under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may limit the number of Units of all classes of the Sub-Fund redeemed on any Dealing Day to Units representing 10% (or such higher percentage as the Manager may determine in any particular case) of the total number of Units of all classes of the Sub-Fund in issue (subject to the conditions under the heading entitled "Deferred Redemption" in the section headed "CREATIONS AND REDEMPTIONS (PRIMARY MARKET)",")."

3. In SCHEDULE 2 INDEX AND DISCLAIMER, section 7 entitled "Top 10 Constituents" on page 64 of the Prospectus is deleted in its entirety and replaced with the following:

"As at 30 December 2016, the 10 largest constituents of the Index, represented in excess of 48.64% of the total investible free float-adjusted market capitalisation, based on total shares in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting (%)
1.	Mitsubishi UFJ Financial	5.67%
2.	Sumitomo Mitsui Financial Group	5.49%
3.	Mizuho Financial Group	5.04%
4.	Tokio Marine Holdings	5.04%
5.	Fuji Heavy Industries	4.86%
6.	Honda Motor Co	4.71%
7.	Toyota Motor	4.61%
8.	Bridgestone Corp	4.58%
9.	Orix Corporation	4.40%
10.	Nomura Holdings	4.25%

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of FTSE at www.ftse.com."

Sensible Asset Management Hong Kong Limited
16 January 2017

Value ETF

Value Partners

VALUE JAPAN ETF

(A sub-fund of Value 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**")

Stock Code: 3084

Addendum to the Prospectus

This Addendum forms an integral part of, and should be read in conjunction with, the Prospectus of the Sub-Fund dated 21 May 2012, as amended or supplemented (the "Prospectus"). All capitalised terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. If you are in any doubt about the contents of this Addendum, you should seek independent professional advice.

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

The Prospectus is hereby amended as follows:

1. In the section entitled "SUMMARY", the third paragraph under the sub-section entitled "What are the Index's characteristics?" on page 7 of the Prospectus is deleted in its entirety and replaced with the following:

   "The Index is denominated in Japanese Yen. It was launched on 12 April 2011. As of 14 October 2016, it had a total market capitalisation of HK$6,006.0 billion."

2. The first row of the table headed "Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)" under the section "FEES AND EXPENSES" on page 29 is deleted in its entirety and replaced with the following:

"Transaction Fee	US$500[2] per Application and HK$1,000[2] per book-entry deposit and withdrawal transaction See Note[3]"

3. The first footnote on page 29 is deleted in its entirety and replaced by the following:

   "[2] US$500 is payable to the Trustee and HK$1,000 is payable to the Service Agent."

4. In SCHEDULE 2 INDEX AND DISCLAIMER, section 7 entitled "Top 10 Constituents" on page 64 of the Prospectus is deleted in its entirety and replaced with the following:

   "As at 14 October 2016, the 10 largest constituents of the Index, represented in excess of 48.72% of the total investible free float-adjusted market capitalisation, based on total shares

in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting (%)
1.	Bridgestone Corp	5.20%
2.	Tokio Marine Holdings	5.18%
3.	Honda Motor Co	5.18%
4.	Sumitomo Mitsui Financial Group	5.10%
5.	Fuji Heavy Industries	4.93%
6.	Mizuho Financial Group	4.92%
7.	Toyota Motor	4.91%
8.	Mitsubishi UFJ Financial	4.91%
9.	Orix Corporation	4.28%
10.	Itochu Corp	4.12%

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of FTSE at www.ftse.com."

Sensible Asset Management Hong Kong Limited
4 November 2016

Value Partners

VALUE JAPAN ETF

(A sub-fund of Value 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**")

Stock Code: 3084

Addendum to the Prospectus

This Addendum forms an integral part of, and should be read in conjunction with, the Prospectus of the Sub-Fund dated 21 May 2012 as amended by addenda dated 29 November 2012, 13 May 2013, 26 November 2013 and 30 December 2014 (the "Prospectus"). All capitalised terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. If you are in any doubt about the contents of this Addendum, you should seek independent professional advice.

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

The Prospectus is hereby amended as follows:

1. In the section entitled "TAXATION", the sub-section entitled "FATCA and Compliance with US Withholding Requirements" on page 54 of the Prospectus (as amended by the addendum dated 30 December 2014), the following statement is deleted in its entirety:

   "The 30% withholding tax could also apply to non-US source payments otherwise attributable to US source income (also known as "foreign passthru payments")."

2. In SCHEDULE 2 INDEX AND DISCLAIMER, all references to "Bi-annual" and "bi-annual" are changed to "Semi-annual" and "semi-annual" respectively.

3. In SCHEDULE 2 INDEX AND DISCLAIMER, the last paragraph in sub-section 3.1.1 entitled "Liquidity" on page 59 of the Prospectus is deleted in its entirety and replaced with the following:

   "The liquidity of each Index constituent is screened at the FTSE Global All Cap Index semi-annual regional review for Japan."

4. In SCHEDULE 2 INDEX AND DISCLAIMER, the last paragraph in sub-section 5.1 entitled "Bi-annual Review" on page 63 of the Prospectus is deleted in its entirety and replaced with the following:

   "Any constituent changes will be implemented after the close of business on the third Friday (i.e. effective Monday) of January and July. Constituent changes in periodic review will be published before the actual implementation through appropriate media."

5. In SCHEDULE 2 INDEX AND DISCLAIMER, section 7 entitled "Top 10 Constituents" on page 64 of the Prospectus is deleted in its entirety and replaced with the following:

"As at 2 February 2015, the 10 largest constituents of the Index, represented in excess of 49.29% of the total investible free float-adjusted market capitalisation, based on total shares in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting (%)
1.	NTT	5.48%
2.	Honda Motor Co	5.26%
3.	Nissan Motor	5.01%
4.	Fuji Heavy Industries	4.98%
5.	Mitsui & Co	4.97%
6.	Mitsubishi Corp	4.94%
7.	Mizuho Financial Group	4.89%
8.	Nippon Steel Sumitomo Metal	4.85%
9.	Toshiba Corp	4.49%
10.	Itochu Corp	4.42%

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of FTSE at www.ftse.com."

Sensible Asset Management Hong Kong Limited
13 February 2015

Value Partners

VALUE JAPAN ETF

(A sub-fund of Value 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**")

Stock Code: 3084

Addendum to the Prospectus

This Addendum forms an integral part of, and should be read in conjunction with, the Prospectus of the Sub-Fund dated 21 May 2012 as amended by addenda dated 29 November 2012, 13 May 2013 and 26 November 2013 (the "Prospectus"). All capitalised terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. If you are in any doubt about the contents of this Addendum, you should seek independent professional advice.

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

The Prospectus is hereby amended as follows:

1. In the section entitled "DIRECTORY", the sub-section entitled "Initial Participating Dealers" on page iii of the Prospectus is deleted in its entirety and replaced with the following:

"*Participating Dealers*
ABN AMRO Clearing Hong Kong Limited
70/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Chief Securities Limited
14/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Credit Suisse Securities (Hong Kong) Limited
88/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Goldman Sachs (Asia) Securities Limited

68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Macquarie Bank Limited
Level 18, One International Finance Centre
1 Harbour View Street
Central,
Hong Kong

Nomura International (Hong Kong) Limited
30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong"

2. In the section entitled "DIRECTORY", the sub-section entitled "Initial Market Makers" on page iii of the Prospectus is deleted in its entirety and replaced with the following:

"*Market Makers*
Commerz Securities Hong Kong Limited
29/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

HSBC Securities Brokers (Asia) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Macquarie Capital Securities Limited
Level 18, Suites 2001-2 & 2015-16
Level 22-23, One International Finance Centre
1 Harbour View Street
Central
Hong Kong"

3. In the section titled "SUMMARY", the row entitled "Total Expense Ratio (including the Management Fee)*" in the table under the sub-section entitled "Key Information" and the corresponding footnote on page 6 of the Prospectus are deleted in their entirety.

4. In the section titled "FEES AND EXPENSES", the table and footnotes under the sub-section entitled "*(b)(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)*" on pages 29 and 30 of the Prospectus are deleted in their entirety and replaced with the following:

Brokerage	Market rates
Transaction levy	0.0027%[7]

SEHK trading fee	0.005%[8]
Stamp duty	Nil

[7] *Transaction levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.*
[8] *Trading fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.*

5. In the section entitled "FEES AND EXPENSES", the sub-section entitled "Total Expense Ratio" on page 31 of the Prospectus is deleted in its entirety.

6. In the section entitled "RISK FACTORS", the following new risk factor is added after the risk factor entitled "Cross Liability" on page 40 of the Prospectus:

"**FATCA Related Risks.** The US Foreign Account Tax Compliance Act ("FATCA") provides that a 30% withholding tax will be imposed on certain payments to foreign financial institutions, such as the Sub-Fund, including interests and dividends from securities of US issuers and gross proceeds from the sale of such securities, unless the Sub-Fund agrees to disclose to the US Internal Revenue Service (the "IRS") the name, address and taxpayer identification number of certain US persons that own, directly or indirectly, an interest in the Sub-Fund, as well as certain other information relating to any such interest. The IRS has released regulations and other guidance that provide for the phased implementation of the foregoing withholding and reporting requirements. The United States and Hong Kong have entered into an intergovernmental agreement based on the "Model 2" format ("Model 2 IGA"). The Model 2 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the IRS. The Sub-Fund has completed its FATCA registration with the IRS. Although the Sub-Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of FATCA withholding tax, no assurance can be given that the Sub-Fund will be able to fully satisfy these obligations. If the Sub-Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of the Sub-Fund may be adversely affected and the Sub-Fund and its Unitholders may suffer material loss.

The Sub-Fund's ability to comply with FATCA will depend on each Unitholder providing the Sub-Fund with information that the Sub-Fund requests concerning the Unitholder or its direct and indirect owners. If a Unitholder fails to provide the Sub-Fund with any information the Sub-Fund requests, the Sub-Fund may exercise its right to compulsorily redeem such Unitholder. Any such compulsory redemption will be done in accordance with applicable laws and regulations, and the discretion to do so will be exercised by the Manager acting in good faith and on reasonable grounds. As at the date of this Prospectus, all Units are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited has registered as a participating foreign financial institution under a Model 2 IGA.

Please also refer to the sub-section entitled "FATCA and compliance with US withholding requirements" under the section headed "TAXATION" in this Prospectus for further details on FATCA and related risks.

All prospective investors and Unitholders should consult with their own tax advisers regarding the possible implications of FATCA and the tax consequences on their investments in the Sub-Fund. Unitholders who hold their Units through intermediaries should also confirm the FATCA compliance status of those intermediaries."

7. In the section entitled "TAXATION", the following new sub-section is added under the sub-section entitled "Japan Taxation" on page 54 of the Prospectus:

"FATCA and Compliance with US Withholding Requirements

The US Foreign Account Tax Compliance Act ("FATCA") imposes a new reporting and withholding regime with respect to certain payments to foreign financial institutions, such as the Sub-Fund. Under FATCA, investment income such as dividends and interest and gross proceeds from U.S. securities ("Withholdable Payments") may be subject to withholding at a rate of 30% (beginning on or after 1 July 2014 with respect to US source dividends and interest, and beginning on or after 1 January 2017 with respect to gross proceeds), unless the recipient of the payment satisfies certain requirements intended to enable the IRS to identify United States persons (as defined under US tax law) ("US persons") with interests in such payments. The 30% withholding tax could also apply to non-US source payments otherwise attributable to US source income (also known as "foreign passthru payments"). To avoid such withholding on payments made to it, foreign financial institutions (an "FFI"), such as the Sub-Fund (and, generally, other investment funds organised outside the US) generally will be required to enter into an agreement (an "FFI Agreement") with the IRS to be treated as a participating FFI. Participating FFIs are required to identify all investors that are US persons and report certain information concerning such US persons to the IRS. The FFI Agreement will also generally require that a participating FFI deduct and withhold 30% from certain payments made by the participating FFI to investors who fail to cooperate with certain information requests made by the participating FFI. Moreover, participating FFIs are required to deduct and withhold such payments made to investors that are themselves FFIs but that have not entered into an FFI Agreement with the IRS or that are not otherwise deemed compliant with FATCA.

The United States and Hong Kong have entered into an intergovernmental agreement based on the "Model 2" format ("Model 2 IGA"). The Model 2 IGA modifies the foregoing requirements but generally requires Hong Kong FFIs register as Participating FFIs, enter into an FFI Agreement, and disclose similar information regarding certain Unitholders to the IRS. As a result of the Model 2 IGA, FFIs in Hong Kong (such as the Sub-Fund) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax on Withholdable Payments they receive; and (ii) will not be required to withhold tax on Withholdable Payments made to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the IRS) or close those recalcitrant accounts (provided that information regarding such recalcitrant account is reported to the IRS pursuant to the provisions of the Model 2 IGA). Such FFIs, however, may be required to withhold tax on payments made to non-compliant FFIs.

The Sub-Fund has been registered with the IRS as a participating FFI (including a reporting Model 2 FFI). In order to protect Unitholders and avoid being subject to withholding under FATCA, it is the Manager's intention to endeavour to satisfy the requirements imposed under FATCA. Hence it is possible that this may require the Sub-Fund (through its agents or service providers) as far as legally permitted, to report information on the holdings or investment returns of any Unitholder to the IRS or the local authorities pursuant to the terms of an applicable IGA (as the case may be) and to require the compulsory redemption of Unitholders who fail to provide the information and documents required to identify their status, or who are non-FATCA compliant financial institutions or who fall within other categories

specified in the FATCA provisions and regulations. Any such compulsory redemption will be done in accordance with applicable laws and regulations, and the discretion to do so will be exercised by the Manager acting in good faith and on reasonable grounds. As at the date of this Prospectus, all Units are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited has registered as a participating foreign financial institution under the Model 2 IGA.

The Manager has obtained competent legal advice confirming that the Trust does not need to be registered with the IRS and that the registration of the Sub-Fund with the IRS satisfies the FATCA requirements.

Although the Sub-Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of FATCA withholding tax, no assurance can be given that the Sub-Fund will be able to fully satisfy these obligations. If the Sub-Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of the Sub-Fund may be adversely affected and the Sub-Fund and its Unitholders may suffer material loss.

The FATCA provisions are complex and their application is uncertain at this time. As such, the effects which the FATCA provisions may have on the Trust and the Sub-Fund are still uncertain. Withholding may apply to withholdable payments covered by FATCA if the Trust and the Sub-Fund cannot satisfy the applicable requirements and is determined to be non-FATCA compliant or if the Hong Kong government is found in breach of the terms of the agreed IGA. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Nothing in this section constitutes or purports to constitute tax advice and Unitholders should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. All Unitholders should therefore consult their own tax and professional advisors regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, Unitholders who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer the above mentioned withholding tax on their investment returns."

8. In SCHEDULE 2 INDEX AND DISCLAIMER, section 7 entitled "Top 10 Constituents" on page 64 of the Prospectus is deleted in its entirety and replaced with the following:

"As at 22 December 2014, the 10 largest constituents of the Index, represented in excess of 51.26% of the total investible free float-adjusted market capitalisation, based on total shares in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting (%)
1.	KDDI	6.57%
2.	Toyota Motor	5.73%
3.	Bridgestone Corp	5.27%
4.	Tokio Marine Holdings	5.21%
5.	Fuji Heavy Industries	5.06%
6.	Nissan Motor	4.95%
7.	Mitsubishi Corp	4.63%
8.	Honda Motor Co	4.63%

9.	Nippon Steel Sumitomo Metal	4.62%
10.	Mizuho Financial Group	4.58%

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of FTSE at www.ftse.com."

Sensible Asset Management Hong Kong Limited
30 December 2014

Value Partners

VALUE JAPAN ETF

(A sub-fund of Value 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**")

Stock Code: 3084

Addendum to the Prospectus

This Addendum forms an integral part of, and should be read in conjunction with, the Prospectus of the Sub-Fund dated 21 May 2012 as amended by addenda dated 29 November 2012 and 13 May 2013 (the "Prospectus"). All capitalized terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. If you are in any doubt about the contents of this Addendum, you should seek independent professional advice.

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

The Prospectus is hereby amended as follows:

1. In the section entitled "DIRECTORY", the sub-section entitled "Auditors" on page iii of the Prospectus is deleted in its entirety and replaced with the following:

"*Auditor*
KPMG
(up to 31 December 2013)
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

Ernst & Young
(with effect from 1 January 2014)
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong"

2. In the section entitled "SUMMARY", the third paragraph under the sub-section entitled "What are the Index's characteristics?" on page 7 of the Prospectus is deleted in its entirety and replaced with the following:

"The Index is denominated in Japanese Yen. It was launched on 12 April 2011. As of

31 October 2013, it had a total market capitalisation of HK$7,540 billion."

3. In the section entitled "FEES AND EXPENSES", the paragraph under the sub-section entitled "Trustee's and Registrar's Fee" on page 30 of the Prospectus is deleted in its entirety and replaced with the following:

"The Trustee is entitled to receive a trustee and registrar fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund. The current trustee and registrar fee, which is accrued daily and calculated as at each Dealing Day and payable monthly in arrears, is set out below:

Net Asset Value	Annual rate (as a percentage of Net Asset Value)
First HK$800 million	0.10%
Next HK$800 million	0.08%
Next HK$800 million	0.07%
Portion on top of HK$2,400 million	0.06%

The trustee and registrar fee is subject to a minimum of HK$39,000 per month.

The Trustee shall also be entitled to be reimbursed out of the Trust Fund all out-of-pocket expenses incurred."

4. In the section entitled "MANAGEMENT OF THE TRUST", under the sub-section entitled "The Directors of the Sub-Manager" on page 42 of the Prospectus, the biography of Mr. Cheah Cheng Hye is deleted in its entirety and replaced with the following:

"***Cheah Cheng Hye*** - Mr. Cheah Cheng Hye, aged 59, is Chairman and Co-Chief Investment Officer ("Co-CIO") of 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 the Group's 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.

In 2013, Mr. Cheah was conferred the title of "Dato' " - an honorary title that recognizes exceptional individuals - by the government in his home state of Penang, Malaysia. (The title comes with the award of an honorary "Darjah Setia Pangkuan Negeri".) In April 2013, he was appointed as a member of the New Business Committee of the Financial Services Development Council by the Hong Kong Special Administrative Region government. He was also named an Honorary Fellow of The Hong Kong University of Science and Technology ("HKUST") in June in the same year for outstanding achievements.

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)."

5. In the section entitled "MANAGEMENT OF THE TRUST", the paragraph under the sub-section entitled "The Auditor" is deleted on page 43 of the Prospectus in its entirety and replaced with the following:

"The Manager has appointed KPMG from the date of the establishment of the Trust up to 31 December 2013, and Ernst & Young with effect from 1 January 2014 to act as the auditor of the Trust. Both KPMG and Ernst & Young are independent of the Manager and the Trustee."

6. In the section entitled "STATUTORY AND GENERAL INFORMATION", the reference to the website http://www.valuepartners-index.com.hk/home/eng/index.php on page

51 of the Prospectus is deleted in its entirety from the sub-section entitled "Information available on the Internet".

7. In SCHEDULE 2 INDEX AND DISCLAIMER, the section 7 entitled "Top 10 Constituents" on page 64 of the Prospectus is deleted in its entirety and replaced with the following:

"As at 31 October 2013, the 10 largest constituents of the Index, represented in excess of 49.94% of the total investible free float-adjusted market capitalisation, based on total shares in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting (%)
1.	Mitsubishi Corp	5.60
2.	Mitsui & Co	5.35
3.	Honda Motor Co	5.31
4.	Toyota Motor	5.12
5.	Mitsubishi UFJ Financial	4.89
6.	Mizuho Financial Group	4.88
7.	NTT Docomo	4.84
8.	Canon	4.73
9.	Nissan Motor	4.63
10.	Bridgestone Corp	4.58

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of FTSE at www.ftse.com."

Sensible Asset Management Hong Kong Limited
26 November 2013

Value ETF

Value Partners

VALUE JAPAN ETF

(A sub-fund of Value 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**")

Stock Code: 3084

Addendum to the Prospectus

This Addendum forms an integral part of, and should be read in conjunction with, the Prospectus of the Sub-Fund dated 21 May 2012 as amended by an addendum dated 29 November 2012 (the "Prospectus"). All capitalized terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. If you are in any doubt about the contents of this Addendum, you should seek independent professional advice.

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

The Prospectus is hereby amended as follows:

1. In the section of SUMMARY, the third paragraph under the sub-section entitled "What are the Index's characteristics?" on page 7 of the Prospectus is deleted in its entirety and replaced with the following:

   "The Index is denominated in Japanese Yen. It was launched on 12 April 2011. As of 30 April 2013, it had a total market capitalisation of HKD4,382 billion."

2. In the section of RISK FACTORS, an additional risk factor in respect of and entitled "Distribution effectively out of capital risk" is added after the risk factor of "Dividends may not be paid." on page 36 of the Prospectus as follows:

   "**Distributions effectively out of capital risk.** Pursuant to Clauses 22.3 of the Trust Deed, the Manager shall at its discretion (and after consultation with the Auditors where it considers appropriate) determine whether any particular sum payable in respect of the general expenses of any Sub-Fund or fees of the Trustee or fees of the Manager out of such Sub-Fund shall be paid out of the Deposited Property or Income Property. In addition, pursuant to 11.9 of the Trust Deed, any Duties and Charges in respect of the acquisition or realisation of a Security or any deposit or any costs and/or expenses incurred in connection with obtaining credit support or collateral may be paid out of the Deposited Property.

The Manager may at its discretion pay dividend out of gross income while charging all or part of the Sub-Fund's fees and expenses to the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. Payment of dividends 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 of dividends out of the Sub-Fund's capital or effectively out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders."

3. In the section of MANAGEMENT OF THE TRUST, the biography of Mr. CHEAH Cheng Hye under the sub-section entitled "The Directors of the Sub-Manager" on page 42 of the Prospectus is deleted in its entirety and replaced with the following:

"***CHEAH Cheng Hye*** - Mr. CHEAH Cheng Hye is Chairman and Co-Chief Investment Officer of 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 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 business operation. He led Value Partners to a successful listing on the Main Board of the SEHK 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.

In April 2013, Mr. CHEAH was appointed by Hong Kong Special Administrative Region government to serve as a member of the New Business Committee of the Financial Services Development Council.

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)."

4. In the section of STATUTORY AND GENERAL INFORMATION, the sub-section entitled "Distribution Policy" on page 48 of the Prospectus is deleted in its entirety and replaced with the following:

"**Distribution Policy**

The Manager may in its absolute discretion distribute gross income to Unitholders semi-annually (usually in March and September) and charge all or part of the Sub-Fund's fees and expenses to the capital of the Sub-Fund as the Manager considers appropriate, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividends out of capital. It amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction of the Net Asset Value per Unit. Distributions are not guaranteed and the Manager may in its sole and absolute discretion decide not to make any distribution semi-annually or otherwise.

The composition of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website www.valueETF.com.hk/JapanETF. The Manager may amend the Sub-Fund's distribution policy with respect to the distribution effectively out of capital of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders."

5. In the section of STATUTORY AND GENERAL INFORMATION, the first paragraph under the sub-section entitled "Information available on the Internet" on page 50 and 51 of the Prospectus is deleted in its entirety and replaced with the following:

"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 www.valueETF.com.hk/JapanETF including:

(a) this Prospectus and the product key fact statement in respect of the Sub-Fund (as revised from time to time);

(b) the latest annual and semi-annual financial reports;

(c) any notices for material alterations or additions to this 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 Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;

(e) near real time estimated Net Asset Value per Unit throughout each Dealing Day;

(f) the last closing Net Asset Value;

(g) the composition of the Sub-Fund (updated on a monthly basis);

(h) the Dividend Composition Information of the Sub-Fund (if any); and

(i) the identity of the Participating Dealers and Market Makers."

6. In SCHEDULE 2 INDEX AND DISCLAIMER, the section 7 entitled "Top 10 Constituents" on page 64 of the Prospectus is deleted in its entirety and replaced with the following:

"**7. Top 10 Constituents**

As at 30 April 2013, the 10 largest constituents of the Index, represented in excess of 50.18% of the total investible free float-adjusted market capitalisation, based on total shares in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting
1.	Toshiba Corp	6.42%
2.	Central Japan Railway	6.19%
3.	Seven & I Holdings	5.89%
4.	Itochu Corp	5.44%
5.	Sumitomo Mitsui Trust Holdings	4.92%
6.	NTT	4.49%
7.	KDDI Corp	4.38%
8.	Mitsui & Co	4.35%
9.	Tokyo Gas	4.06%
10.	Mitsubishi Corp	4.04%

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of FTSE at www.ftse.com."

Sensible Asset Management Hong Kong Limited
13 May 2013

Value Partners

VALUE JAPAN ETF

(A sub-fund of Value 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**")

Stock Code: 3084

Addendum to the Prospectus

This Addendum forms an integral part of, and should be read in conjunction with, the Prospectus of the Sub-Fund dated 21 May 2012 (the "Prospectus"). All capitalized terms used in this Addendum have the same meaning as in the Prospectus, unless otherwise defined herein. If you are in any doubt about the contents of this Addendum, you should seek independent professional advice.

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

The effective dates of the amendments are as follows:

- Amendments described in the first four sub-paragraphs in paragraph 1 below: 18 March 2013

- Amendments described in the remaining sub-paragraphs in paragraph 1 below: 18 June 2012

- Amendments described in paragraph 2 below: with immediate effect

<u>Amendments in Schedule 2</u>

1. All the paragraphs under Rule 3.1.2 (Free Float) in Schedule 2 are deleted in their entirety and replaced with the following:

   "The stocks in the Japan Universe are adjusted for free float, cross-holdings and foreign ownership limits. Free float restrictions will be calculated using available published information. For equity shares of companies which have been admitted to the FTSE Global Equity Index Series that have a free float greater than 5%, the actual free float will be rounded up to the next highest whole percentage number. Companies with a free float of 5% or below are not eligible for inclusion in the FTSE

Global Equity Index Series.

Following the application of an initial free float restriction, a constituent's free float will only be changed if its rounded free float moves to more than 3 percentage points above or below the existing rounded free float. Where a company's actual free float moves to above 99%, it will not be subject to the 3 percentage points threshold and will be rounded to 100%.

A constituent with a free float of 15% or below will not be subject to the 3 percentage points threshold.

A constituent's free float will also be reviewed on publication of further information on restricted shareholdings and changed where appropriate. If the change results from a corporate event (including share changes covered), any change in free float will be implemented at the same time as the corporate event. If there is not a corporate event, the change in free float will be applied at the next quarterly review.

Free float restrictions include:

- Shares directly owned by state, regional, municipal and local governments (excluding shares held by independently managed pension schemes for governments)

- Shares held by sovereign wealth funds where each holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%

- Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies with which they are affiliated

- Shares held within employee share plans

- Shares held by public companies or by non-listed subsidiaries of public companies

- Shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies and individuals (including employees) where the holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%

- All shares where the holder is subject to a lock-in clause (for the duration of that clause)

- Shares held for publicly announced strategic reasons, including shares held by several holders acting in concert

– Shares that are subject to on-going contractual agreements (such as swaps) where they would ordinarily be treated as restricted.

The following are not considered as restricted free float:

– Portfolio holdings (such as pension and insurance funds)*

– Nominee holdings unless they represent restricted free float as defined above

– Holdings by investment companies*

– ETFs

* Where any single portfolio holding is 30% or greater, it will be regarded as strategic and therefore restricted. The shares will remain restricted until the holding falls below 27%.

If in addition to the above restricted holdings, the company's shareholders are subject to legal restrictions, including foreign ownership restrictions, that are more restrictive, the legal restriction will be applied."

2. In Rule 4.1 (Contrarian Screening) in Schedule 2, the first paragraph on page 61 of the Prospectus is deleted in its entirety and replaced with the following:

"Contrarian screening aims to avoid following the herd. Companies in the Japan Investable Universe covered by more than 10 analysts in the forecast recommendation with a buy recommendation from over 80% of analysts will be screened out. These recommendations are based on the consensus data sourced from I/B/E/S, Bloomberg, S&P and other financial data vendors. Most of the data vendors have policies on the prevention of stale data which involves checking with contributing analysts when they have not changed their forecast for a prolonged period to ensure accuracy of their forecasts. For instance, estimates data are considered stale after 105, 180 and 120 days by I/B/E/S, Bloomberg and S&P, respectively."

Sensible Asset Management Hong Kong Limited
29 November 2012

PRODUCT KEY FACTS

Value Japan ETF

Issuer: Sensible Asset Management Hong Kong Limited

A sub-fund established under the Value ETFs Trust

16 January 2017

This is an 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:	3084
Trading lot size:	300 units
Manager:	Sensible Asset Management Hong Kong Limited
Sub-Manager:	Value Partners Hong Kong Limited
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year[#]:	1.97%[y]
Tracking difference of the last calendar year[##]:	-2.50%
Underlying Index:	FTSE Value-Stocks Japan Index
Base currency:	Japanese Yen
Dividend policy:	Semi-annually in March and September (if any) subject to the Manager's discretion. Dividends may be paid out of gross income and all or part of the fees and expenses may be charged to capital at the Manager's discretion, resulting in an increase in distributable income for the payment of dividends and therefore, dividends may be paid effectively out of capital. This may result in an immediate reduction of NAV.
Financial year end of this fund:	31 March
ETF Website:	http://www.valueETF.com.hk/JapanETF

[#] *The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the Sub-Fund for the corresponding period as described below. This figure may vary from year to year. Information is updated as at 7 October 2016.*

[y] *This figure is an annualized figure based on the expenses for the interim period ended 30 September 2016. The actual ongoing charges figure may be different and may vary from year to year.*

[##] *This is the actual tracking difference of the last calendar year. Investors should refer to the Sub-Fund's website for more up-to-date information on actual tracking difference.*

What is this product?

Value Japan ETF (the "**Sub-Fund**") is a sub-fund of Value ETFs Trust, an umbrella unit trust established under Hong Kong law. The Sub-Fund is a passively-managed ETF falling within Chapter 8.6 and Appendix I of the Code on Unit Trusts and Mutual Funds issued by the SFC. Units of the Sub-Fund (the "**Units**") are traded on The Stock Exchange of Hong Kong Limited (the "**SEHK**") like stocks.

Objectives and Investment Strategy

Objective

The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Value-Stocks Japan Index (the "**Index**").

Strategy

In seeking to achieve the Sub-Fund's investment objective, the Manager will primarily use a replication strategy through investing directly in Securities included in the Index in substantially the same weightings in which they are included in the Index. The Manager may also (subject to the limit set out below) invest in financial derivative instruments linked to the performance of the Securities included in the Index, the Index and/or (after considering various factors such as transaction costs, availability, liquidity and degree of correlation with the Index) another index that collectively has an investment profile similar to the profile of the Index.

The Manager may also use a representative sampling strategy, which means that the Sub-Fund will invest directly in a representative sample of Securities that collectively has an investment profile that aims to reflect the profile of the Index. The Securities constituting the representative sample may or may not themselves be constituents of the Index. The Sub-Fund may also invest in (subject to the limit set out below) financial derivative instruments linked to the performance of a representative sample of Securities that collectively has an investment profile that aims to reflect the profile of the Index and/or (after considering various factors such as transaction costs, availability, liquidity and degree of correlation with the Index) another index that collectively has an investment profile similar to the profile of the Index.

The Sub-Fund may also use financial derivative instruments limited to listed or over-the-counter futures contracts, options and warrants related to the Index and the Securities included in the Index for hedging or non-hedging purposes. Non-hedging purposes include cost reduction and investment purpose.

The investment in any financial derivative instruments (listed on a stock exchange or over-the-counter) for non-hedging purposes should not exceed 10% of the NAV of the Sub-Fund under normal circumstances.

Investors should note that the Manager may switch between the replication and representative sampling strategies without notice to investors and in its absolute discretion. 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 or representative sampling.

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 transactions.

Index

The Index captures the performance of 35 Japan companies listed on The Tokyo Stock Exchange and The Osaka Securities Exchange. Index constituents must pass a value screening process which is rules based and includes valuation, quality, and contrarian screening factors. To ensure the highest level of tradability, a set of liquidity and investability screens are applied during the index construction process.

The Index is a free float-adjusted market capitalisation-weighted index and is denominated in Japanese Yen.

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.

The Index was launched on 12 April 2011. As of 14 October 2016, it had a total market capitalisation of HK$6,006.0 billion.

Top 10 Constituents

As at 30 December 2016, the 10 largest constituents of the Index, represented in excess of 48.64% of the total investible free float-adjusted market capitalisation, based on total shares in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting
1.	Mitsubishi UFJ Financial	5.67%
2.	Sumitomo Mitsui Financial Group	5.49%
3.	Mizuho Financial Group	5.04%
4.	Tokio Marine Holdings	5.04%
5.	Fuji Heavy Industries	4.86%
6.	Honda Motor Co	4.71%
7.	Toyota Motor	4.61%
8.	Bridgestone Corp	4.58%
9.	Orix Corporation	4.40%
10.	Nomura Holdings	4.25%

For details, please refer to the Index website at http://www.ftse.com/.

What are the key risks?

Investment involves risks. Please refer to the Prospectus 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

- The Sub-Fund is subject to concentration risk as a result of tracking the performance of a single geographical region (Japan).
- The Sub-Fund 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 of the Index resulting from adverse conditions in Japan.

3. Political risks

- Historically, Japan has been subject to unpredictable national politics and frequent political turnover. Future political developments may lead to changes in policy that might adversely affect the Sub-Fund's investments.
- In addition, Japan's relations with its neighbours have at times been strained due to territorial disputes, historical animosities and defence concerns. Strained relations may cause uncertainty in the Japanese markets and adversely affect the overall Japanese economy, and consequently the performance of the Sub-Fund, in times of crisis.

4. Geographical risk and natural disasters

- Japan is prone to natural disasters such as earthquakes, typhoons, flooding, tsunamis and other unexpected disruptions such as fires, power outages and outbreaks such as the H1N1 pandemic or avian flu. Such events may have an adverse impact on the Japan market, and it is impossible to accurately predict the occurrence of such events.

5. Government intervention and restrictions

- Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund.
- Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Index and as a result the performance of the Sub-Fund.

6. Foreign exchange risk

- The Units of the Sub-Fund listed on the SEHK are traded in Hong Kong dollar, but the NAV of the Sub-Fund and the Index are calculated in Japanese Yen and the investment portfolio of the Sub-Fund will generally comprise investments denominated in Japanese Yen. Accordingly, unitholders will be exposed to foreign exchange currency risks arising from the fluctuations of Hong Kong dollar and Japanese Yen. You may suffer a loss if Japanese Yen depreciates against Hong Kong dollar, irrespective of the positive performance of the Index.

7. Trading hour's difference

- As The Tokyo Stock Exchange and The Osaka Securities Exchange 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.
- Furthermore, the market price of underlying securities listed on the above stock exchanges which are established outside Hong Kong may not be available during part or all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the NAV.

8. Dividends may not be paid

- There is no assurance that the Sub-Fund will declare to pay dividends or distributions. Investors may not receive any distributions.

9. Distribution effectively out of capital risk

- Dividends may be distributable 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 dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital.
- Payment of dividends 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 of dividends effectively out of capital may result in an immediate reduction of the NAV per Unit.
- The Manager may amend the dividend policy of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month prior notice to investors.

10. Reliance on the Value Partners group and conflicts of interests

- The Index Provider of the Sub-Fund is FTSE, which calculates and reports the daily closing level of the Index (or designates parties to do so), whereas the Index was designed by VPISL. The ultimate holding company of VPISL is the holding company of the Sub-Manager and the Manager. The Sub-Manager and VPISL also share resources. As such, VPISL, the Manager and the Sub-Manager are not technically independent of each other. The functions which VPISL, the Manager and the Sub-Manager will perform in connection with the Sub-Fund may give rise to potential conflicts of interest.

11. Derivatives risk

- The Sub-Fund may, subject to the limit of 10% of its NAV, invest in listed and over-the-counter financial derivative instruments for non-hedging purposes to gain exposure to constituent securities of the Index.
- This means that the Sub-Fund is subject to counterparty risk and may suffer losses equal to the full value of the derivative instruments if the counterparty fails to perform its obligation under the derivative contract. Any loss would result in a reduction in the NAV of the Sub-Fund and impair the abilities of the Sub-Fund to achieve its investment objective to track its Index.

12. 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 HK$150 million. Investors should refer to the section "Termination" in the Prospectus for further details.

13. Passive investments

- The Sub-Fund is not "actively managed" and therefore, when there is a decline in the Index, the Sub-Fund will also decrease in value.
- The Manager will not adopt any temporary defensive position against any market

downturn. Investors may lose part or all of their investment.

14. Trading risk

- Generally, retail investors can only buy or sell Units of the Sub-Fund 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, retail 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.

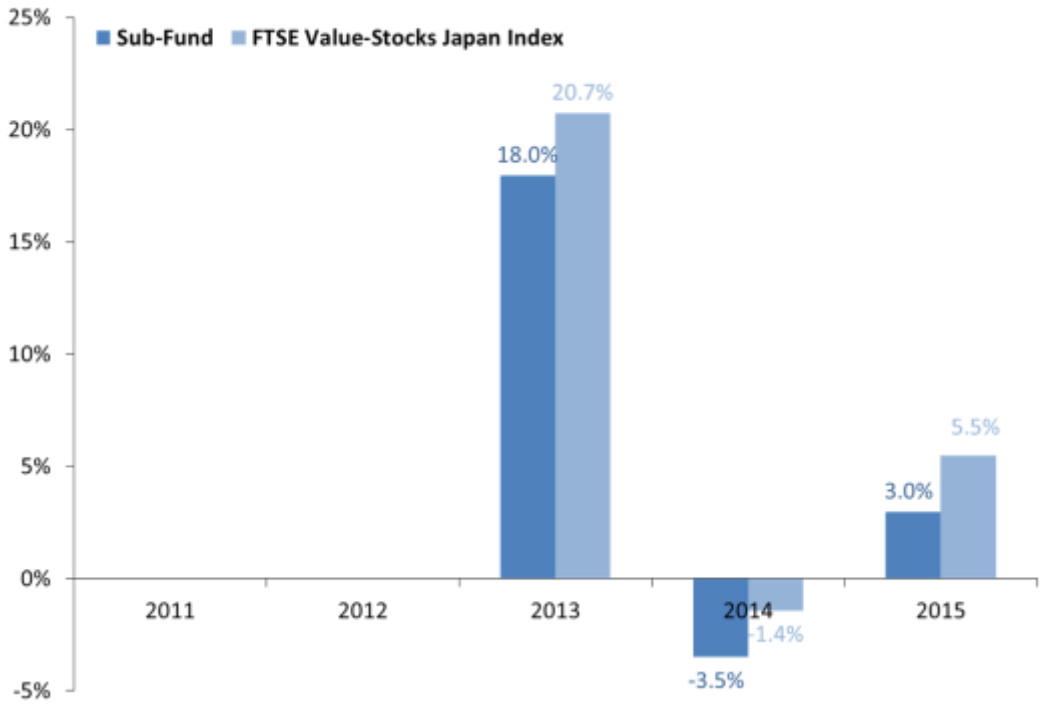
15. Reliance on market maker

- Although it is the Manager's expectation that at least one market maker will maintain a market for the Units, liquidity in the market for the Units may be adversely affected if there is no market maker for the Sub-Fund. It is possible that there is only one SEHK market maker to the Sub-Fund, and there is also no guarantee that any market making activity will be effective.

16. Tracking error risk

- Due to fees and expenses of the Sub-Fund, liquidity of the market and different investment strategies adopted by the Manager, the Sub-Fund's return may deviate from that of the Index.

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 dividends (if any) reinvested.

- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year 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: 22 May 2012

Is there any guarantee?

The 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 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

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.	0.70%

Trustee's and Registrar's fee*
The Sub-Fund pays a trustee's and registrar's fee to the Trustee.

Net Asset Value	Annual rate (as a % of NAV)
First HK$800 million	0.10%
Next HK$800 million	0.08%
Next HK$800 million	0.07%
Portion on top of HK$2,400	0.06%

[1] Transaction levy of 0.0027% of the trading price of the Units, 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.

	million (subject to a minimum of HK$39,000 per month)

** Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to 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*

Performance fee	Nil
Administration fee	Nil

Other fees

You may have to pay other fees when dealing in the Units of the Sub-Fund.

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 http:// www.valueETF.com.hk/JapanETF (which 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 semi-annual 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 Index, the notices of the suspension of the calculation of the NAV, changes in fees and the suspension and resumption of trading;

(e) the latest list of the participating dealers and market makers;

(f) the near real time estimated NAV per Unit throughout each dealing day;

(g) the composition of the Sub-Fund (updated on a monthly basis);

(h) the composition of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months; and

(i) the last closing NAV.

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.

IMPORTANT: If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent financial advice.

Value ETFs Trust

VALUE JAPAN ETF

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

Stock Code: 3084

PROSPECTUS

Manager
Sensible Asset Management Hong Kong Limited

Sub-Manager
Value Partners Hong Kong Limited

21 May 2012

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission (the "SFC") take no responsibility for the contents of this Prospectus, 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 Prospectus. The Trust and the Sub-Fund have each been authorised as collective investment schemes by the SFC. 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.

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the Value Japan ETF (the "Sub-Fund"), a sub-fund of Value ETFs Trust (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 21 March 2012 (the "Trust Deed") between Sensible Asset Management Hong Kong Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Sub-Fund is an exchange traded fund.

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

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus 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 misleading. The Manager also confirms that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Code on Unit Trusts and Mutual Funds (the "Code") and the "Overarching Principles" of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units of the Sub-Fund. The Trustee is not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding the Trustee itself under the paragraph headed "The Trustee and Registrar" in the section on "Management of the Trust".

The Sub-Fund is a fund falling within Chapter 8.6 and Appendix I of the Code. The Trust and the Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Sub-Fund or for the correctness of any statements made or opinions expressed in this Prospectus. 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.

You should consult your financial adviser, consult your tax advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable you to acquire Units as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in the Sub-Fund is appropriate for you.

Application has been made to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "SEHK") for the listing of, and permission to deal in the Units. Subject to compliance with the admission requirements of Hong Kong Securities Clearing Company Limited ("HKSCC") and the granting of listing of, and permission to deal in, the Units on the SEHK, the Units will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in the Central Clearing and Settlement System ("CCASS") with effect from the date of commencement of dealings in the Units on the SEHK or such other date as may be determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, the Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Furthermore, distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest annual report and accounts of the Sub-Fund (where existing) and, if later, its most recent interim report.

Neither the Trust nor the Sub-Fund is registered as an investment company with the United States Securities and Exchange Commission. Units have not been, and will not be, registered under the United States Securities Act of 1933 or any other United States Federal or State law and accordingly Units are not offered to, and may not be transferred to or acquired by, US persons (including without limitation US citizens and residents as well as business entities organised under United States' law).

You should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website (www.valueETF.com.hk/JapanETF). This Prospectus may refer to information and materials included in websites. Such information and materials do not form part of the Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Sub-Fund) by contacting the Manager at its address as set out in the Directory of this Prospectus, or by phone at its telephone number: (852) 2880 9263.

DIRECTORY

Manager
Sensible Asset Management Hong Kong Limited
9/F, Nexxus Building
41 Connaught Road Central
Hong Kong

Sub-Manager
Value Partners Hong Kong Limited
9/F, Nexxus Building
41 Connaught Road Central
Hong Kong

Trustee and Registrar
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Listing Agent
ABCI Capital Limited
701, 7th Floor
One Pacific Place
88 Queensway
Hong Kong

Initial Participating Dealers
Goldman Sachs (Asia) Securities Limited
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Credit Suisse Securities (Hong Kong) Limited
88/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Initial Market Makers
HSBC Securities Brokers (Asia) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Auditors
KPMG
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

Legal Counsel to the Manager
Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

Service Agent
HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

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DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below. Other capitalised terms used, but not defined, have the meaning given to those terms in the Trust Deed.

"After Listing" means the period which commences on the Listing Date and continues until the Sub-Fund is terminated.

"Application" means an application by a Participating Dealer for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Trust Deed.

"Application Unit" means such number of Units or whole multiples thereof as specified in this Prospectus or such other whole multiple of Units determined by the Manager, approved by the Trustee and notified to the Participating Dealers.

"Basket" means a portfolio of shares based on the stock weightings in the Index on the relevant Dealing Day for the purpose of an in-kind creation or an in-kind redemption of Units.

"Business Day" means a day (other than a Saturday) on which the SEHK is open for normal trading and on which the Index is compiled and published, and a day on which banks in Hong Kong are open for general business provided that, where as a result of a Number 8 Typhoon Signal, Black Rainstorm warning 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 and the Trustee otherwise determine.

"Cancellation Compensation" means an amount payable by a Participating Dealer in respect of a Default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

"Cash Component" means the difference (which may be a positive or negative amount) between the aggregate Net Asset Value of the Units comprising an Application Unit and the closing market value of the Basket on the relevant Dealing Day.

"CCASS" means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.

"CCASS Settlement Day" means the term "Settlement Day" as defined in the General Rules of CCASS.

"Code" means the Code on Unit Trusts and Mutual Funds dated June 2010 issued by the SFC (as amended, or replaced, from time to time).

"Connected Person" has the meaning as set out in the Code which at the date of this Prospectus means in relation to a company:

(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which that company forms part; or

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

"Creation Application" means an application by a Participating Dealer for the creation and issue of

Units in an Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and the Trust Deed.

"Dealing Day" means each Business Day during the continuance of the Sub-Fund, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee.

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means the time on each Dealing Day specified in the "The Offering Phases" section of this Prospectus.

"Default" means a failure by a Participating Dealer in respect of:

(a) a Creation Application to deliver the requisite Securities, any applicable Cash Component and/or relevant cash amount; or

(b) a Redemption Application to deliver the Units the subject of the Redemption Application, any applicable Cash Component and/or relevant cash amount.

"Deposited Property" means, in respect of the Sub-Fund, all the assets (including cash), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the Sub-Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the distribution account.

"Duties and Charges" means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities in the Trust Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust Fund upon such redemption of Units.

"Encumbrance" means any mortgage, charge, pledge, lien, third party right or interest, any other encumbrance or security interest of any kind or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect.

"Extension Fee" means the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

"FTSE" means FTSE International Limited.

"Group" means Value Partners Group Limited and its subsidiaries.

"HKSCC" means the Hong Kong Securities Clearing Company Limited or its successors.

"IFRS" means International Financial Reporting Standards.

"Index" means the FTSE Value-Stocks Japan Index, the index against which the Sub-Fund is benchmarked.

"Income Property" means, in respect of the Sub-Fund, (a) all interest, dividends and other sums

deemed by the Manager, (after consulting the auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the Sub-Fund in respect of an Application; and (d) all Cancellation Compensation received by the Trustee for the account of the Sub-Fund, but excluding (i) the Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the account of the Sub-Fund or previously distributed to Unitholders; (iii) gains for the account of the Sub-Fund arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the Sub-Fund;

"Index Provider" means FTSE.

"Initial Issue Date" means the date of the first issue of Units, which shall be the Business Day immediately before the Listing Date.

"Initial Offer Period" means the period from 9:00 a.m. (Hong Kong time) on 22 May 2012 until 11:45 a.m. (Hong Kong time) on the date that is four Business Days before the Listing Date (which may be postponed by the Manager to a day no later than 28 June 2012).

"Insolvency Event" occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person's assets or the person becomes subject to an administration order, (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts, (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business, or (v) the Manager in good faith believes that any of the above is likely to occur.

"Issue Price" means the price at which Units may be issued, determined in accordance with the Trust Deed.

"Listing Date" means the date, expected to be on 28 May 2012, on which the Units are first listed and from which dealings therein are permitted to take place on SEHK.

"Manager" means Sensible Asset Management Hong Kong Limited.

"Market" means in any part of the world:

(a) in relation to any security: the SEHK or a Recognised Stock Exchange; and

(b) in relation to any futures contract: the Hong Kong Futures Exchange or a Recognised Futures Exchange.

"Market Maker" means a broker or dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK.

"Net Asset Value" means the net asset value of the Sub-Fund or, as the context may require, the net asset value of a Unit calculated under the Trust Deed.

"Operating Guidelines" means the guidelines for the creation and redemption of Units of a class as set out in the schedule to the Participation Agreement as amended from time to time by the Manager with the approval of the Trustee (except that any variation of the Transaction Fee, application cancellation fee and Extension Fee, or addition of other fees shall not be subject to the approval of the Service Agent or HKSCC) and following consultation, to the extent reasonably practicable, with the Participating Dealers, and as notified in writing to the Participating Dealers. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating

Guidelines for the Sub-Fund applicable at the time of the relevant Application.

“Participating Dealer” means any licensed broker or dealer and who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

“Participation Agreement” means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, (amongst other things), the arrangements in respect of the issue of Units and the redemption and cancellation of Units.

“Recognised Futures Exchange” means an international futures exchange which is recognised by the SFC or which is approved by the Manager.

“Recognised Stock Exchange” means an international stock exchange which is recognised by the SFC or which is approved by the Manager.

“Redemption Application” means an application by a Participating Dealer for the redemption of Units in Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and the Trust Deed.

“Redemption Value” means, in respect of a Unit, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

“Registrar” means the Trustee or such other person appointed under the Trust Deed as registrar of the Sub-Fund.

“Securities” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

(a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);

(b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;

(c) any instrument commonly known or recognised as a security;

(d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and

(e) any bill of exchange and any promissory note.

“Securities and Futures Ordinance” means the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

“SEHK” means The Stock Exchange of Hong Kong Limited or its successors.

“Service Agent” means the HK Conversion Agency Services Limited or such other persons as may from time to time be appointed to act as service agent in relation to the Sub-Fund.

“Service Agent’s Fee” means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer on each Dealing Day upon which a Creation Application or Redemption Application has been made by the relevant Participating Dealer, the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

“Service Agreement” means the agreement by which the Service Agent is appointed by the Manager and the Trustee.

“Settlement Day” means the Business Day which is three Business Days after the relevant Dealing Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers.

“SFC” means the Securities and Futures Commission of Hong Kong or its successors.

“Sub-Fund” means Value Japan ETF.

“Sub-Manager” means Value Partners Hong Kong Limited, or such other person or persons for the time being duly appointed as the sub-manager.

“Transaction Fee” means the fee, in respect of the Sub-Fund, which may be charged for the benefit of the Service Agent, Registrar and/or the Trustee to each Participating Dealer on each Dealing Day upon which a Creation Application or Redemption Application has been or Creation Applications or Redemption Applications have been made by the relevant Participating Dealer.

“Trust” means the Value ETFs Trust.

“Trust Deed” means the trust deed dated 21 March 2012 between the Manager and the Trustee constituting the Trust (as amended from time to time).

“Trust Fund” means all the property held by the Trustee in respect of the Sub-Fund, including the Deposited Property and Income Property attributable to the Sub-Fund, except for amounts to be distributed, in accordance with the Trust Deed.

“Trustee” means HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto in accordance with the Trust Deed.

“Unit” means a unit representing an undivided share in the Sub-Fund.

“Unitholder” means a person entered on the register of holders as the holder of Units including, where the context so admits, persons jointly registered and the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS.

“Valuation Point” means, in respect of the Sub-Fund, the official close of trading on the Market on which the Securities constituting the Index are listed on each Dealing Day or if more than one, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

“VPISL” means Value Partners Index Services Limited.

SUMMARY

Key information

Set out below is a summary of key information in respect of the Sub-Fund which should be read together with the full text of this Prospectus.

Index	FTSE Value-Stocks Japan Index
Initial Issue Date	25 May 2012
Listing Date (SEHK)	28 May 2012
Exchange Listing	SEHK – Main Board
Stock Code	3084
Trading Board Lot Size	300 Units
Base Currency	Japanese Yen (JPY)
Trading Currency	Hong Kong dollars (HK$)
Dividend Policy	Semi-annually in March and September (if any) subject to the Manager's discretion
Application Unit size (only by or through Participating Dealers)	Minimum 350,000 Units (or multiples thereof)
Total Expense Ratio (including the Management Fee)*	Estimated to be 0.99% per year of the Net Asset Value
Management Fee	Currently 0.70% per year of the Net Asset Value
Investment Strategy	Primarily a full replication strategy. The Manager may also use representative sampling and may invest in derivatives to a limited extent. Please refer to the section on "What is the Investment Strategy?" below
Financial Year End	31 March
Website	www.valueETF.com.hk/JapanETF

* The estimated TER does not represent the estimated tracking error.

What is the Investment 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 Index. There can be no assurance that the Sub-Fund will achieve its investment objective.

What is the Investment Strategy?

In seeking to achieve the Sub-Fund's investment objective, the Manager will primarily use a replication strategy through investing directly in Securities included in the Index in substantially the same weightings in which they are included in the Index. The Manager may also (subject to the limit set out below) invest in financial derivative instruments linked to the performance of the Securities included in the Index, the Index and/or (after considering various factors such as transaction costs, availability, liquidity and degree of correlation with the Index) another index that collectively has an investment profile similar to the profile of the Index.

The Manager may also use a representative sampling strategy, which means that the Sub-Fund will invest directly in a representative sample of Securities that collectively has an investment profile that aims to reflect the profile of the Index. The Securities constituting the representative sample may or may not themselves be constituents of the Index. The Sub-Fund may also invest in (subject to the limit set out below) financial derivative instruments linked to the performance of a representative sample of Securities that collectively has an investment profile that aims to reflect the profile of the Index and/or (after considering various factors such as transaction costs, availability, liquidity and degree of correlation with the Index) another index that collectively has an investment profile similar to the profile of the Index.

The Sub-Fund may also use financial derivative instruments limited to listed or over-the-counter futures contracts, options and warrants related to the Index and the Securities included in the Index for hedging or non-hedging purposes. Non-hedging purposes include cost reduction and investment purpose.

The investment in any financial derivative instruments (listed on a stock exchange or over-the-counter) for non-hedging purposes should not exceed 10% of the Net Asset Value of the Sub-Fund under normal circumstances.

Investors should note that the Manager may switch between the replication and representative sampling strategies without notice to investors and in its absolute discretion. 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 or representative sampling.

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

What are the Index's characteristics?

The Index is a value-based equity index calculated, maintained and published by FTSE. The Index was designed by VPISL, which is a Connected Person of the Manager and the Sub-Manager.

The Index captures the performance of 35 Japan companies listed on The Tokyo Stock Exchange and The Osaka Securities Exchange. Index constituents must pass a value screening process designed by VPISL which is rules based and includes valuation, quality, and contrarian screening factors. To ensure the highest level of tradability, a set of liquidity and investability screens are applied during the index construction process. The Index is a free float-adjusted market capitalisation-weighted index.

The Index is denominated in Japanese Yen. It was launched on 12 April 2011. As of 25 April 2012, it had a total market capitalisation of HKD3,874 billion.

Please see Schedule 2 for information regarding the Index and the Index Provider's disclaimer.

Umbrella Fund

The Trust is an umbrella unit trust created by the Trust Deed made under Hong Kong law between

the Manager and the Trustee. The Manager and the Trustee shall create and establish separate and distinct sub-trusts within the Trust, each of which is a sub-fund, and units relating to any sub-fund may be issued in one or more classes.

The Sub-Fund is a sub-fund of the Trust.

The Manager and the Trustee reserve the right to establish other sub-funds and/or issue further classes of units relating to any of the sub-funds in the future in accordance with the provisions of the Trust Deed.

THE OFFERING PHASES

Initial Offer Period

Initial Offer Period – creations

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Units (to be available for trading on the Listing Date) by means of Creation Applications on each Dealing Day for themselves and/or their clients by (a) tendering the Basket and Cash Component as determined and announced by the Manager in advance; or (b) transferring cash, both in accordance with the Operating Guidelines.

In determining the composition of the Basket, the Manager will take into account the Index tracking strategy, the weightings of constituent stocks in the Index and any forthcoming index rebalancing event.

The latest date for making a Creation Application for Units is four Business Days prior to the Listing Date.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications to the Registrar with a copy to the Manager and the Trustee before the Dealing Deadline on the relevant Dealing Day. If a Creation Application is received on a day which is not a Dealing Day or is received by the Registrar after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be rejected by the Manager.

The current Dealing Deadline is 11:45 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

Creation Applications must be made in Application Unit size or whole multiples thereof, which is currently 350,000 Units. Participating Dealers (acting for themselves or for their clients) can apply for Units on each Dealing Day at the Issue Price.

Please refer to the section on "Creations and Redemptions (Primary Market)" for the operational procedures in respect of Creation Applications.

After Listing

The After Listing phase commences on the Listing Date and continues until the Sub-Fund is terminated. Dealings in the Units on the SEHK are expected to commence on 28 May 2012 but may be postponed by the Manager to a date no later than 28 June 2012.

You can acquire or dispose the Units in either of the following two ways:

(a) buy and sell Units on the SEHK; or

(b) apply for in-kind or cash creation, and in-kind or cash redemption of Units through Participating Dealers.

Buying and selling of Units on the SEHK

After Listing, all investors can buy and sell Units in Trading Board Lot Size (as described in the section on "Summary") or whole multiples thereof like ordinary listed stocks through an intermediary such as a stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open. The Trading Board Lot Size is currently 300 Units.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from Net Asset Value per Unit due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary

market. As a result, the market price of the Units in the secondary market may be higher or lower than Net Asset Value per Unit.

Please refer to the section on "Exchange Listing and Trading (Secondary Market)" for further information in respect of buying and selling of Units on the SEHK.

Creations and redemptions through Participating Dealers

Units will continue to be created by in-kind or cash creation and redeemed by in-kind or cash redemption at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size or multiples thereof. The Application Unit Size is currently 350,000 Units.

The operational procedure for in-kind or cash creation will remain the same After Listing as during the Initial Offer Period. The current Dealing Deadline is 11:45 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced. The Manager shall reject any Creation Applications and/or Redemption Applications made on a day which is not a Dealing Day, or made after the Dealing Deadline. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine. Settlement for subscribing or redeeming of Units are due three Business Days after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

After Listing, all Units will be registered in the name of HKSCC Nominees Limited on the register of the Trust. The register of the Trust is the evidence of ownership of Units. The beneficial interests in Units of any client of the Participating Dealers shall be established through such client's account with the relevant Participating Dealer or with any other CCASS participants if the client is buying from the secondary market.

Summary of timetable

The following table summarises all key events and the Manager's expected timetable:

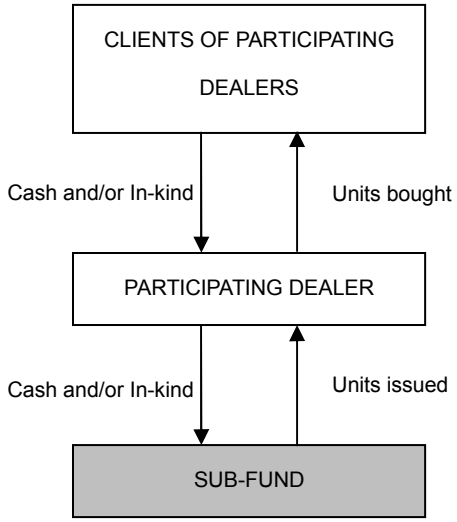
Initial Offer Period commences • Participating Dealers may apply for in-kind or cash creation for themselves or for their clients in a minimum number of 350,000 Units (or multiples thereof)	• 9:00 a.m. (Hong Kong time) on 22 May 2012
The date that is four Business Days prior to the Listing Date • Latest time for in-kind or cash Creation Applications by Participating Dealers for Units to be available for trading on the Listing Date	• 11:45 a.m. (Hong Kong time) on 22 May 2012 but may be postponed by the Manager to a date no later than 22 June 2012
After Listing (period commences on the Listing Date) • All investors may start trading Units on the SEHK through any designated brokers; and • Participating Dealers may apply for	• Commence at 9:30 a.m. (Hong Kong time) on 28 May 2012, but may be postponed by the Manager to a date no later than 28 June 2012 • 9:00 a.m. (Hong Kong time) to 11:45

in-kind or cash creation, and in-kind or cash redemption (for themselves or for their clients) in a minimum number of 350,000 Units (or multiples thereof) continually	a.m. (Hong Kong time) on each Dealing Day

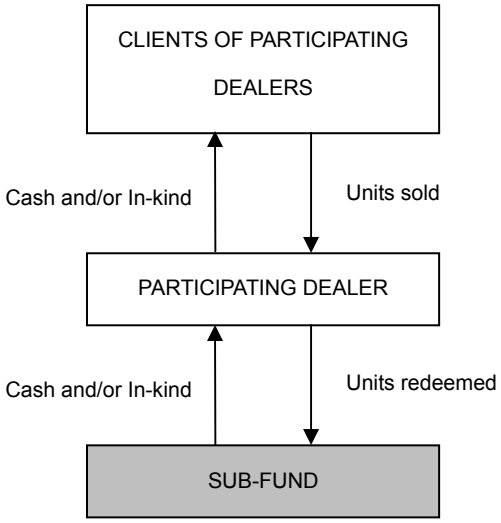
Diagrammatic illustration of investment in the Sub-Fund

The diagrams below illustrate the issue or redemption and the buying or selling of Units:

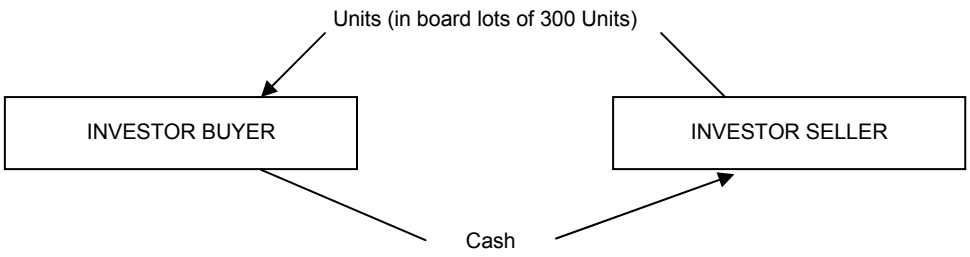
(a) Issue and buying of Units in the primary market – Initial Offer Period and After Listing



(b) Redemption and sale of Units in the primary market – After Listing



(c) Buying or selling of Units in the secondary market on the SEHK – After Listing



Summary of Offering Methods and Related Fees

Initial Offer Period

Method of Offering	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges[1]**
In-kind creation	350,000 (Application Unit)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	Basket(s) Cash Component (if any) Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer) Duties and Charges
Cash creation	350,000 (Application Unit)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	Cash Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer) Duties and Charges

After Listing

Method of Acquisition or Disposal of Units	**Minimum Number of Units (or multiple**	**Channel**	**Available to**	**Consideration, Fees and Charges[1]**

[1] Please refer to "Fees and Expenses" for further details.

	thereof)			
Purchase and sale in cash through brokers on the SEHK (secondary market)	Board lot of 300 Units	On the SEHK	Any investor	Market price of Units on SEHK Brokerage fees and Duties and Charges
In-kind creation and in-kind redemption	350,000 (Application Unit)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	Basket(s) Cash Component (if any) Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer) Duties and Charges
Cash creation and cash redemption	350,000 (Application Unit)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	Cash Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer) Duties and Charges

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in the Sub-Fund

There are two methods of making an investment in the Sub-Fund and of disposing of Units to realise an investment in the Sub-Fund.

The first method is to create or to redeem Units at Net Asset Value directly with the Sub-Fund in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the Sub-Fund. Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Units for their clients and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

The second method is to buy or to sell Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the Sub-Fund.

This section of this Prospectus describes the first method of investment and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section on "Exchange Listing and Trading (Secondary Market)" relates to the second method of investment.

Creation of Units through Participating Dealer

Any application for the creation of Units of the Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit size or whole multiple thereof as set out in the "Summary" section. Investors cannot acquire Units directly from the Sub-Fund. Only Participating Dealers may submit Creation Applications to the Manager.

Units in the Sub-Fund are continuously offered through a Participating Dealer, who may apply for them on any Dealing Day for its own account or for your account as their client(s), in accordance with the Operating Guidelines, by submitting a Creation Application to the Registrar, with a copy to the Manager and the Trustee.

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit creation request(s) received from you as its client(s), subject always to (a) mutual agreement between the relevant initial Participating Dealer and you as to its fees for handling such request(s); (b) completion to its satisfaction of client acceptance procedures and requirements; (c) no objection from the Manager to create Units for the relevant initial Participating Dealer on your behalf (please refer to the sub-section on "Creation process" below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and (d) mutual agreement between the relevant initial Participating Dealer and you as to the method of effecting such creation request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;

(c) where acceptance of the creation request or any Security in connection with such creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons; or

(d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the creation request.

Requirements relating to creation requests by potential investors

As of the date of this Prospectus, both in-kind creation and cash creation are available to the Participating Dealers in respect of the Sub-Fund.

For in-kind creation, the Manager has the right to (a) accept cash equal to or in excess of the market value at the Valuation Point for the relevant Dealing Day of such Security in lieu of accepting such Security as constituting part of the Creation Application; or (b) accept cash collateral on such terms as it determines if (i) such Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with the Creation Application; or (ii) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Security.

Unless otherwise agreed by the Manager, any cash payable by a Participating Dealer in a Creation Application should be in Hong Kong dollars.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. You are advised to check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of the Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such creation requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any creation request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Creation Application in respect of the Sub-Fund can be submitted by it to the Registrar with a copy to the Manager and the Trustee. You are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

The Application Unit size for the Sub-Fund is 350,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum subscription for the Sub-Fund is one Application Unit.

Creation process

A Participating Dealer may from time to time submit Creation Applications in respect of the Sub-Fund to the Registrar, with a copy to the Manager and the Trustee, following receipt of creation requests from clients or where it wishes to create Units of the Sub-Fund for its own account.

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be rejected. The current Dealing Deadline is 11:45 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Creation Application must:

- be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and
- include the certifications required in the Operating Guidelines (if any) in respect of creations of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable Securities and other laws in relation to the creation of Units which are the subject of the Creation Application.

The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;

(b) where in the opinion of the Manager, acceptance of the Creation Application or any Security in connection with such Creation Application would have an adverse effect on the Sub-Fund;

(c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;

(d) where acceptance of the Creation Application or any Security in connection with such Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;

(e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application; or

(f) an Insolvency Event occurs in respect of the relevant Participating Dealer.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Creation Application in accordance with the Operating Guidelines.

The Manager's right to reject a Creation Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any creation request received from a client of the Participating Dealer under exceptional circumstances. Notwithstanding a Participating Dealer has accepted creation requests from its clients and in that connection submitted an effective Creation Application, the Manager may exercise its rights to reject such Creation Application in the circumstances described herein.

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (a) for the account of the Sub-Fund, the creation of Units in Application Unit size in exchange for (i) a transfer of Basket(s) and if applicable, Cash Component (including Duties and Charges); or (ii) cash (including Duties and Charges); and (b) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

The Cash Component in addition to the Basket(s) is the cash value of the difference between the Net Asset Value of the Units comprising the Application Unit(s) for creations and the closing

market value of the Basket(s) on the Dealing Day. This Cash Component may be positive or negative.

Following an in-kind Creation Application from the Participating Dealer, if the Manager determines in its discretion that any part of the Basket(s) is likely to be unavailable for delivery or available in insufficient quantity for a Creation Application, then the Manager shall have the right, in its discretion to:

(a) accept cash equal to the market value at the Valuation Point on the relevant Dealing Day of such part of the Basket(s) in lieu of accepting the relevant Securities in the Basket(s); or

(b) accept cash collateral based on the market value of the relevant Securities in the Basket(s) at the Valuation Point for the Business Day immediately following the relevant Dealing Day (i.e. trade date +1). Any such collateral will be held for the account of the Trust in a non-interest bearing account and shall be redelivered to the Participating Dealer without interest after delivery of the relevant Securities in accordance with the terms of the Operating Guidelines.

The acceptance of cash or cash collateral in lieu of Securities must both be made in accordance with the terms of the Operating Guidelines, provided that the Manager shall be entitled in its discretion to charge the relevant Participating Dealer in respect of any Units for which cash is paid or cash collateral is accepted in lieu of delivery of any part of the Basket(s) an additional sum representing the appropriate Duties and Charges.

Issue of Units

Units will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that the Manager may add to such Issue Price such sum (if any) as represents an appropriate provision for Duties and Charges. Please refer to the section on “Issue Price and Redemption Value of Units” for the calculation of the Issue Price.

On receipt of a Creation Application by a Participating Dealer for Units in the Sub-Fund during the Initial Offer Period, the Manager shall procure the creation and issue of Units in the Sub-Fund on the Initial Issue Date.

Units are denominated in the Base Currency of the Sub-Fund (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee.

The creation and issue of Units pursuant to a Creation Application shall be effected on the Settlement Day following the relevant Dealing Day on which the Creation Application is received and accepted in accordance with the Operating Guidelines but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended. An Extension Fee may be payable in relation to such an extension. See the section on “Fees and Expenses” for further details.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions as set out in the Trust Deed, the relevant Operating Guidelines or the relevant Participation Agreement, in regard to the issue of Units, are being infringed.

Fees relating to Creation Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the Sub-Fund). The Transaction Fee

shall be paid by or on behalf of the Participating Dealer applying for such Units. See the section on "Fees and Expenses" for further details.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of the Sub-Fund.

Cancellation of Creation Applications

The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received (a) all Securities in the Basket(s) and if applicable, Cash Component (including Transaction Fee, Duties and Charges) relating to the Creation Application; or (b) full amount of any cash payable in connection with the relevant Creation Application (including Transaction Fee, Duties and Charges) by the Settlement Day, provided that the Manager may at its discretion (i) extend the settlement period (either for the Creation Application as a whole or for a particular Security) and such extension to be on such terms and conditions (including as to the payment of any fees or collateral to the Manager or Extension Fee to the Trustee or their respective Connected Persons or otherwise) as the Manager may determine and in accordance with the provisions of the Operating Guidelines; or (ii) partially settle the Creation Application to the extent to which Securities, Cash Component and/or cash have been vested in, or to the account of the Trustee, on such terms and conditions as the Manager may in its absolute discretion determine including terms as to any extension of the settlement period for the outstanding Securities, Cash Component and/or cash.

In addition to the preceding circumstances, the Manager may also cancel any creation order of any Units if it determines by such time as it specifies in the Operating Guidelines that it is unable to invest the cash proceeds of any Creation Application.

Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in certain circumstances contemplated in the Trust Deed, any Securities, Cash Component and/or cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Manager, the Trustee and/or the Service Agent in respect of such cancellation provided that:

- the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);

- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

- the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units through Participating Dealer

Any application for the redemption of Units of the Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit size or whole multiples thereof. Investors cannot redeem Units directly from the Sub-Fund. Only Participating Dealers may submit Redemption Applications to the Registrar (with a copy to the Manager and the Trustee).

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account of its clients in accordance with the Operating Guidelines, by submitting a Redemption Application to the Registrar (with a copy to the Manager and the Trustee).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit redemption request(s) received from you as its client(s), subject always to (a) mutual agreement between the relevant initial Participating Dealer and you as to its fees for handling such request(s); (b) completion to its satisfaction of client acceptance procedures and requirements; (c) no objection from the Manager to redeem Units for the relevant initial Participating Dealer on your behalf (please refer to the sub-section on "Redemption process" below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (d) mutual agreement between the relevant initial Participating Dealer and you as to the method of effecting such redemption request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;

(c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons; or

(d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request.

Requirements relating to redemption requests by potential investors

As of the date of this Prospectus, both in-kind redemption and cash redemption are available to the Participating Dealers in respect of the Sub-Fund.

For in-kind redemption, the Manager has the right to instruct the Trustee to deliver cash equivalent of any Security in connection with the Redemption Application to the Participating Dealer if (a) such Security is likely to be unavailable for delivery or available in insufficient quantity for delivery in connection with the Redemption Application; or (b) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Security.

Unless otherwise agreed by the Manager, any cash received by a Participating Dealer in a Redemption Application should be in Hong Kong dollars.

A Participating Dealer may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds. You are advised to check with the Participating Dealer as to relevant fees and charges. Although the Manager has

a duty to monitor the operations of the Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such redemption requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any redemption request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Redemption Application in respect of the Sub-Fund can be submitted by it to the Registrar (with a copy to the Manager and the Trustee). You are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

Redemption process

A Participating Dealer may from time to time submit Redemption Applications in respect of the Sub-Fund to the Manager, following receipt of redemption requests from clients or where it wishes to redeem Units of the Sub-Fund for its own account.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be rejected. The current Dealing Deadline is 11:45 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Redemption Application must:

- be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and
- include the certifications required in the Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

The Manager shall have the right to reject, acting in good faith, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;

(b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the Sub-Fund;

(c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;

(d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;

(e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or

(f) an Insolvency Event occurs in respect of the relevant Participating Dealer.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Redemption Application in accordance with the Operating Guidelines.

The Manager's right to reject a Redemption Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding a Participating Dealer has accepted redemption requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.

Where the Manager accepts a Redemption Application from a Participating Dealer, it shall (a) effect the redemption and cancellation of the relevant Units; and (b) require the Trustee to transfer to the Participating Dealer (i) Securities constituting the Basket(s) and if applicable, Cash Component, or (ii) cash, both in accordance with the Operating Guidelines and the Trust Deed.

The Cash Component in addition to the Basket(s) is the cash value of the difference between the Net Asset Value of the Units comprising the Application Unit(s) for redemptions and the closing market value of the Basket(s) on the Dealing Day. This Cash Component may be positive or negative.

The Participating Dealer will then transfer (a) the Securities constituting the Basket(s) and if applicable, Cash Component; or (b) cash to the relevant client if the Redemption Application was submitted by the Participating Dealer for the account of its client.

Redemption of Units

Any accepted Redemption Application will be effected on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and the Trustee) has been received and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any cash amount payable by the Participating Dealer including the Transaction Fee and any other Duties and Charges have been either deducted or otherwise paid in full.

For valuation purposes only, Units shall be deemed to have been redeemed and cancelled after the Valuation Point on the Dealing Day on which the Redemption Application was received or deemed received. The name of the Unitholder of such Units shall be removed from the Register in respect of those Units redeemed and cancelled on the relevant Settlement Day.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit of the Sub-Fund rounded to the nearest four decimal places (0.00005 or above being rounded up). The benefit of any rounding adjustments will be retained by the Sub-Fund. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The interval between the receipt of a properly documented Redemption Application and payment of redemption proceeds may not exceed one calendar month provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

The Manager may at its discretion extend the settlement period upon receipt of the extended settlement request in respect of the Redemption Application on such terms and conditions (including as to the payment of any fees to the Manager or Extension Fee to the Trustee or their respective Connected Persons or otherwise) as the Manager may in its discretion determine, in accordance with the Operating Guidelines.

Fees relating to Redemption Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section on "Fees and Expenses" for further details.

The Manager may deduct from the redemption proceeds such sum (if any) as the Manager may consider represents an appropriate provision for the Transaction Fee and/or other Duties and Charges.

Cancellation of Redemption Applications

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

No Security shall be transferred and no cash amount shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee free and clear of any Encumbrance for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

In the event that Units, which are the subject of a Redemption Application, are not delivered to the Trustee for redemption in accordance with the foregoing or are not free and clear of any Encumbrance:

- the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);

- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

- the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred Redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund) of the total number of Units in the Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of a Sub-Fund) of the Units in the Sub-Fund then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the Units in the Sub-Fund then in issue) in priority to any other Units in the Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Directed Cash Dealing

Where a Participating Dealer subscribes for Units or redeems Units in cash, the Manager may at its sole discretion (but shall not be obliged to) transact for Securities with a broker nominated by the Participating Dealer. Should the nominated broker default on, or change the terms for, any part of the transaction, the Participating Dealer shall bear all associated risks and costs. In such circumstances the Manager has the right to transact with another broker and amend the terms of the Creation Application or Redemption Application to take into account the default and the changes to the terms. Any directed arrangement is subject to the Sub-Fund being treated fairly.

Suspension of Creations and Redemptions

The Manager may, at its discretion, after giving notice to the Trustee (and where practicable, after consultation with Participating Dealers) suspend the creation or issue of Units of the Sub-Fund, suspend the redemption of Units of the Sub-Fund and/or delay the payment of any monies in respect of any Redemption Application in the following circumstances:

(a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;

(b) during any period when a market on which a Security (that is a component of the Index) has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;

(c) during any period when dealing on a market on which a Security (that is a component of the Index) has its primary listing is restricted or suspended;

(d) during any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depositary (if any) of such market is disrupted;

(e) during the existence of any state of affairs as a result of which delivery or purchase of Securities, as appropriate or disposal of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Sub-Fund;

(f) during any period when the Index is not compiled or published;

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or when for any other reason the value of any Securities or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(h) during any period when the determination of the Net Asset Value of the Sub-Fund is

suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" below arises; or

(i) during any period when the business operations of the Manager in respect of the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

The Manager will, after giving notice to the Trustee, suspend the right to subscribe for Units of the Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer. In addition, where the Sub-Funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at www.valueETF.com.hk/JapanETF or in such other publications as it decides.

The Manager shall consider any Redemption Application or any Creation Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

A Participating Dealer may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application or Redemption Application by notice in writing to the Manager and the Manager shall promptly notify and request the Trustee to return to the Participating Dealer any Securities and/or cash received by it in respect of the Creation Application (without interest) as soon as practicable.

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing 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 exists.

Evidence of Unitholding

Units will be deposited, cleared and settled by the CCASS. Units are held in registered entry form only, which means that no Unit certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Units deposited with the CCASS and is holding such Units for the participants in accordance with the General Rules of CCASS. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of CCASS neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Investors owning Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) (as the case may be).

Restrictions on Unitholders

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

- 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 or the Sub-Fund suffering any adverse effect which the Trust or the Sub-Fund might not otherwise have suffered; or

- in the circumstances which, in the Manager's opinion, may result in the Trust or the Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the Sub-Fund might not otherwise have incurred or suffered.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer 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 of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed in a manner that would result in such Unitholder no longer being in breach of the restrictions above.

Transfer of Units

A Unitholder may transfer Units with the consent of the Manager subject to the provisions of the Trust Deed. In respect of any Units held in CCASS, the Manager's consent is deemed given where the Unitholder is transferring his interest in Units within CCASS. A Unitholder is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Sub-Fund only. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units.

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges.

Dealings on the SEHK in Units are expected to begin on 28 May 2012.

Units will trade on the SEHK in board lots of 300 Units. Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

The purpose of the listing of the Units on the SEHK is to enable investors to buy and sell Units on the secondary market, normally via a broker or dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

The market price of a Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit. Any transactions in the Units on the SEHK will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SEHK. There can be no guarantee that once the Units are listed on the SEHK they will remain listed.

It is the Manager's expectation that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information made available to a Participating Dealer.

Units may be purchased from and sold through the Market Maker. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities comprised within the Index. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the Sub-Fund in respect of their profits.

If you wish to buy or sell Units on the secondary market, you should contact your brokers.

Subject to the granting of listing of, and permission to deal in, the Units on the SEHK as well as the compliance with the stock admission requirements of HKSCC, the Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Units on the SEHK or on any other date HKSCC chooses. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

If trading of the Units on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for the Units.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Net Asset Value of the Sub-Fund will be determined by the Trustee as at each Valuation Point applicable to the Sub-Fund by valuing the assets of the Sub-Fund and deducting the liabilities of the Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by the Sub-Fund are valued:

(a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (with the consent of the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;

(b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;

(c) futures contracts will be valued based on the formulae set out in the Trust Deed;

(d) except as provided for in paragraph (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof; and

(f) notwithstanding the foregoing, the Manager may adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to fairly reflect the value of the investment.

The Trustee will perform any currency conversion at rates as may be agreed between the Trustee and the Manager from time to time.

The above summary is, by its nature, limited. It is a summary of the key provisions of the Trust Deed and does not provide a complete description of how the various assets of the Sub-Fund are valued which is provided by specific provisions of the Trust Deed in relation to valuation of assets.

Suspension of Determination of Net Asset Value

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of the Sub-Fund for the whole or any part of any period during which:

(a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the Sub-Fund; or

(b) 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 Sub-Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of Units of the Sub-Fund;

(c) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(d) 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 Sub-Fund or the subscription or redemption of Units of the Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or

(e) the right to redeem Units of the relevant class is suspended.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the Sub-Fund and the Manager shall be under no obligation to rebalance the Sub-Fund until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; and (ii) the first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at www.valueETF.com.hk/JapanETF or in such other publications as the Manager decides.

No Units will be issued or redeemed during any period of suspension of the determination of the Net Asset Value.

Issue Price and Redemption Value of Units

The Issue Price which is the subject of a Creation Application during the Initial Offer Period will be one-tenth (1/10th) of the closing level of the Index (expressed in the Base Currency of the Sub-Fund) as at the last day of the Initial Offer Period, rounded to four decimal places (0.00005 or above being rounded up), or such other amount from time to time determined by the Manager and approved by the Trustee.

After the expiry of the Initial Offer Period, the Issue Price of Units created and issued by a Creation Application, will be the Net Asset Value of the Sub-Fund divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up).

The Redemption Value on a Dealing Day shall be the Net Asset Value of the Sub-Fund divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up).

The benefit of any rounding adjustments will be retained by the Sub-Fund.

The Issue Price and the Redemption Value (or the latest Net Asset Value of the Units) will be available on the Manager's website at www.valueETF.com.hk/JapanETF or published in such other publications as the Manager decides.

Neither the Issue Price nor the Redemption Value takes into account Duties and Charges, Transaction Fees or fees payable by a Participating Dealer.

FEES AND EXPENSES

There are different levels of fees and expenses applicable to investing in the Sub-Fund as set out below, current as at this date of the Prospectus.

(a)	**Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)**	**Amount**
	Transaction Fee	HK$16,000[2] per Application See Note[3]
	Application cancellation fee	HK$10,000[4] per Application
	Extension Fee or partial delivery request fee	HK$10,000[5] per Application
	Stamp duty	Nil
	All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable
(b)	**Fees and expenses payable by investors**	**Amount**
	(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
	Fees and charges imposed by the Participating Dealer[6]	Such amounts as determined by the relevant Participating Dealer
	(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)	
	Brokerage	Market rates
	Transaction levy	0.003%[7]

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[2] *HK$15,000 is payable to the Trustee and HK$1,000 is payable to the Service Agent.*

[3] *The Transaction Fee is payable by a Participating Dealer to the Trustee for the benefit of the Trustee, Registrar and/or the Service Agent. The Registrar will charge a fee for each Creation Application and Redemption Application and the Service Agent will charge a fee for each book-entry deposit and withdrawal transaction. Both fees will be met out of the Transaction Fee. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

[4] *An application cancellation fee is payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application.*

[5] *An Extension Fee or partial delivery request fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement or partial delivery in respect of a Creation Application or Redemption Application.*

[6] *The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.*

[7] *Transaction levy of 0.003% of the trading price of the Units, payable by the buyer and the seller.*

	SEHK trading fee	0.005%[8]
	Stamp duty	Nil
(c)	**Fees and expenses payable by the Sub-Fund**	(See further disclosure below)

No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

Fees and Expenses Payable by the Sub-Fund

Manager's Fee

The Manager is entitled to receive a management fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund. The current management fee is 0.70% per year of the Net Asset Value of the Sub-Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Manager will be responsible for the payment of the fees of the Sub-Manager.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the management fees it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Trustee's and Registrar's Fee

The Trustee is entitled to receive a trustee and registrar fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund. The current trustee and registrar fee, which is accrued daily and calculated as at each Dealing Day and payable monthly in arrears, is set out below:

Net Asset Value	Annual rate (as a percentage of Net Asset Value)
First HK$800 million	0.10%
Next HK$800 million	0.08%
Next HK$800 million	0.07%
Portion on top of HK$2,400 million	0.06%

The trustee and registrar fee is subject to a minimum of HK$64,000 per month, which will be reduced by 50% for the first 12 months from the launch date of the Sub-Fund.

The Trustee is also entitled to receive an establishment fee for the Sub-Fund of HK$40,000. Such fees is payable out of the Trust Fund.

The Trustee shall also be entitled to be reimbursed out of the Trust Fund all out-of-pocket expenses incurred.

Service Agent's Fee

The Service Agent is entitled to receive a monthly reconciliation fee of HK$5,000 from the Manager. The Manager may pass on to the Sub-Fund such reconciliation fee.

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[8] *Trading fee of 0.005% of the trading price of the Units, payable by the buyer and the seller.*

For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Trustee, on behalf of the Trust, will pay all other fees chargeable by the Service Agent in connection with the Service Agent's role.

Total Expense Ratio

The total expense ratio ("TER") of the Sub-Fund, which is the sum of anticipated charges to the Sub-Fund expressed as a percentage of the Net Asset Value of the Sub-Fund, is estimated to be 0.99% per annum.

Promotional Expenses

The Sub-Fund will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Sub-Fund will not be paid (either in whole or in part) out of the Trust Fund.

Other Expenses

The Sub-Fund will bear all operating costs relating to the administration of the Sub-Fund 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, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK and maintaining the Trust's and the Sub-Fund's authorisation under the Securities and Futures Ordinance, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, any disbursements or out-of-pocket expenses properly incurred on behalf of the Sub-Fund by the Trustee, the Manager or the Registrar or 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 Sub-Fund and the expenses of publishing Unit prices.

Establishment Costs

The cost of establishing the Trust and the Sub-Fund including the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs will be borne by the Sub-Fund (unless otherwise determined by the Manager) and amortised over the first financial year of the Sub-Fund.

Increase in Fees

The current fees payable to the Manager and the Trustee as described above may be increased on one month's notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum rates set out in the Trust Deed.

RISK FACTORS

An investment in the Sub-Fund carries various risks. Each of these may affect the Net Asset Value, yield, total return and trading price of the Units. There can be no assurance that the investment objective of the Sub-Fund will be achieved. You should carefully evaluate the merits and risks of an investment in the Sub-Fund in the context of your overall financial circumstances, knowledge and experience as an investor. The risk factors set forth below are the risks which are believed by the Manager and its directors to be relevant and presently applicable to the Sub-Fund.

Risk Factors Relating to Japan

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index. Since the Index is comprised of 35 Japan companies listed on The Tokyo Stock Exchange and The Osaka Securities Exchange, investment in the Sub-Fund will be subject to the following risk factors relating to Japan.

Political Risks. Historically, Japan has been subject to unpredictable national politics and frequent political turnover. Future political developments may lead to changes in policy that might adversely affect the Sub-Fund's investments. In addition, Japan's relations with its neighbours, particularly China, North Korea, South Korea and Russia, have at times been strained due to territorial disputes, historical animosities and defence concerns. Most recently, the Japanese government has shown concern over the increased nuclear activity by North Korea and military activity by China. Strained relations may cause uncertainty in the Japanese markets and adversely affect the overall Japanese economy, and consequently the performance of the Sub-Fund, in times of crisis.

Geographical Risks and Natural Disasters. Japan has historically experienced numerous large-scale earthquakes, and is prone to other natural disasters such as typhoons, flooding, tsunamis, and other unexpected disruptions and aftershocks, such as fires, power outages or shortages and outbreaks such as the H1N1 pandemic or avian flu. It is impossible to correctly and precisely predict the occurrence of such events, and the performance of the Sub-Fund may be materially and adversely affected should any such events occur.

On 11 March 2011, an earthquake measuring 9.0 on the Richter scale occurred in Tohoku district, northeast of Tokyo which, coupled with aftershocks in the days after the earthquake, associated tsunami waves on the east coast of Japan and a nuclear plant crisis in Fukushima in Japan, caused considerable physical and economic damage to Japan. This has caused greater uncertainty in the Japanese economy and significant volatility in the Japanese capital market conditions, and there is no assurance that similar events would not occur in the future.

Japanese Exchange Controls. There can be no assurance that the Japanese Government will not, in future, impose restrictions on foreign exchange. The repatriation of capital may be hampered by changes in Japanese regulations concerning exchange controls or political circumstances. Any amendments to the Japanese exchange control regulations may impact adversely on the performance of the Sub-Fund.

Risks associated with Investments in Japan. The Sub-Fund's investments in Japan and should be regarded as having higher concentration risks than a fund following a more diversified policy. Investments in Japan may involve risks associated with the potential intervention by the Japanese government on foreign exchange rates, counterparty risks and a more volatile market.

Government Intervention and Restriction. Governments and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Index and as a result the performance of the Sub-Fund.

Taxation risk. Tax rules can be subject to a range of interpretation and there can be no assurance that a specific tax treatment for the Sub-Fund will always apply as anticipated. In this regard, you should note that clear and comprehensive guidance is not available for certain important aspects of Japanese taxation, including the nature and/or treatment of foreign investment vehicles (such as the Sub-Fund) for Japanese tax purposes. In addition, tax rules and their interpretation relating to an investment in the Sub-Fund may change during the life of the Sub-Fund and this could have an adverse effect on the Sub-Fund or its performance. You are strongly urged to consult your own tax advisers and counsel with respect to the possible tax consequences to you of an investment in the Units.

Investment Risks

Investment Objective. There is no assurance that the investment objective of the Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise tracking error, there can be no assurance that these strategies will be successful. It is possible that you as an investor may lose a substantial proportion or all of its investment in the Sub-Fund where the Index value declines. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the Sub-Fund.

Market Risk. The Net Asset Value of the Sub-Fund will change with changes in the market value of the Securities it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the Sub-Fund is based on the capital appreciation and income on the Securities it holds, less expenses incurred. The Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, the Sub-Fund may experience volatility and decline in a manner that broadly corresponds with the Index. Investors in the Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Index).

Asset Class Risk. Although the Manager is responsible for the continuous supervision of the investment portfolio of the Sub-Fund, the returns from the types of Securities in which the Sub-Fund invests may underperform or outperform returns from other Securities markets or from investment in other assets. Different types of securities tend to go through cycles of out-performance and underperformance when compared with other general Securities markets.

Passive Investments. The Sub-Fund is not actively managed. Accordingly, the Sub-Fund may be affected by a decline in the market segments relating to the Index. The Sub-Fund invests (either directly or indirectly) in the Securities included in or representative of the Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. You should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Sub-Fund will mean that falls in the Index are expected to result in corresponding falls in the value of the Sub-Fund.

Possible Business Failure Risk. In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the constituents of the Index may have an adverse effect on the Index's and therefore the Sub-Fund's performance. You may lose money by investing in the Sub-Fund.

Management Risk. Because there can be no guarantee that the Sub-Fund will fully replicate the Index, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities comprising the Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Sub-Fund being achieved.

Securities Risk. The investments of the Sub-Fund are subject to risks inherent in all Securities (including settlement and counterparty risks). The value of holdings may fall as well as rise. The global markets are currently experiencing very high levels of volatility and instability, resulting in higher levels of risk than is customary (including settlement and counterparty risks).

Equity Risk. Investing in equity Securities may offer a higher rate of return than those investing 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 suddenly and substantially decrease in value.

Tracking Error Risk. There can be no assurance of exact or identical replication at any time of the performance of the Index. The Net Asset Value of the Sub-Fund may not correlate exactly with the Index. Factors such as the fees and expenses of the Sub-Fund, imperfect correlation between the Sub-Fund's assets and the Securities constituting the Index, inability to rebalance the Sub-Fund's holdings of Securities in response to changes in the constituents of the Index, rounding of Security prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Index. Further, as the Index is a gross total return index the Sub-Fund may receive income (such as interest and dividends) from its assets, which is subject to withholding tax. These factors may cause the Sub-Fund's returns to deviate from the Index.

Concentration Risk. The Sub-Fund is subject to concentration risk as a result of tracking the performance of a single geographical region (Japan). The Sub-Fund 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 of the Index resulting from adverse conditions in Japan.

Counterparty Risk. Financial institutions, such as brokerage firms, broker-dealers and banks, may enter into transactions with the Manager on account of the Sub-Fund in relation to the Sub-Fund's investments. These financial institutions, being a counterparty to the transactions, may also be issuers of Securities or other financial instruments in which the Sub-Fund invests. This exposes the Sub-Fund to the risk that a counterparty may not settle a transaction in accordance with market practice due to a credit or liquidity problem of the counterparty, or due to the insolvency, fraud or regulatory sanction of the counterparty, thus causing the Sub-Fund to suffer a loss.

Deposits of securities or cash with a custodian, bank or financial institution ("custodian or depository") will also carry counterparty risk as the custodian or depository may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. In these circumstances the Sub-Fund may be required to unwind certain transactions and may encounter delays of some years and difficulties with respect to court procedures in seeking recovery of the Sub-Fund's assets. In most cases, the Sub-Fund's assets such as securities will be maintained by the custodian or depository in segregated accounts and would be protected in the event of the insolvency of the custodian or depository. However, in some custody, or sub-custody arrangements, the Sub-Fund may not have a right to have specific assets such as cash returned to it but rather, the Sub-Fund may only have an unsecured claim against the custodian or counterparty, in which case it may lose all or the greater part of the value of the relevant assets.

Foreign exchange risk. The Units of the Sub-Fund listed on the SEHK are traded in Hong Kong dollar, but the Net Asset Value of the Sub-Fund and the Index are calculated in Japanese Yen and the investment portfolio of the Sub-Fund will generally comprise investments denominated in Japanese Yen. Accordingly, Unitholders will be exposed to foreign exchange currency risks arising from the fluctuations of Hong Kong dollar and Japanese Yen. You may suffer a loss if Japanese Yen depreciates against Hong Kong dollar, irrespective of the positive performance of the Index.

Trading Risk. While the creation/redemption feature of the Sub-Fund is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for

example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from the Net Asset Value. The secondary market prices of Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Units will trade below, at, or above their Net Asset Value. Since, however, Units must be created and redeemed in Application Unit size (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value) the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. If the Manager suspends creations and/or redemptions of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Units and the Net Asset Value.

All investments risk loss of capital. There is no guarantee that the Sub-Fund's investments will be successful. In addition, trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

No Trading Market in the Units. Although the Units are listed on the SEHK and one or more Market Makers have been appointed, there may be no liquid trading market for the Units or that such Market Maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Index.

Liquidity Risk. Following listing on the SEHK, it is unlikely that the Units will initially be widely held. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, one or more Market Makers have been appointed.

Counterparty Risk to the custodian. The Sub-Fund will be exposed to the credit risk of any custodian or any depository used by the custodian where cash is held by the custodian or other depositaries. In the event of the insolvency of the custodian or other depositaries, the Sub-Fund will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the Sub-Fund. The Sub-Fund's Securities are however maintained by the custodian or other depositaries in segregated accounts and should be protected in the event of insolvency of the custodian or other depositaries.

Derivative Instruments. The Manager may invest the Sub-Fund in constituents of the Index through derivative instruments. A derivative instrument is a financial contract or instrument the value of which depends on, or is derived from, the value of an underlying asset such as a Security or an index and so have a high degree of price variability and are subject to occasional rapid and substantial changes. Compared to conventional Securities, derivative instruments can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in their pricing. As a result, a relatively small price movement in a derivative instrument may result in immediate and substantial loss (or gain) to the Sub-Fund. The Sub-Fund's losses may be greater if it invests in derivative instruments than if it invests only in conventional Securities.

There is also no active market in derivative instruments and therefore investment in derivative instruments can be illiquid. In order to meet redemption requests, the Sub-Fund 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.

In addition, many derivative instruments are not traded on exchanges. As a result, if the Sub-Fund engages in transactions involving derivative instruments, it will be subject to the risk of the inability or refusal to perform such contracts by the counterparties with which the Sub-Fund trades, and as such the Sub-Fund may suffer a total loss of the Sub-Fund's interest in the derivative instrument. This risk is also aggregated by the fact that over-the-counter derivatives markets are generally not regulated by government authorities and participants in these markets are not required to make continuous markets in the contracts they trade.

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. 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.

Where the Manager invests the Sub-Fund's assets in derivative instruments that are not listed or quoted on a market, those derivative instruments should comprise no more than 15% of the Sub-Fund's Net Asset Value. The exposure of the Sub-Fund to derivative instruments is also subject to the other applicable investment restrictions set out in Schedule 1 of this Prospectus.

Risk of Indemnity. Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in performing their respective duties except as a result of their own negligence, fraud, default, breach of duty or trust of which they may be liable in relation to their duties. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the Sub-Fund and the value of the Units.

Dividends may not be paid. Whether the Sub-Fund will pay distributions on Units is subject to the Manager's distribution policy and also depends on dividends declared and paid in respect of the Securities of the Index. Dividend payment rates in respect of such Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Possible early termination of the Sub-Fund. The Sub-Fund may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than HK$150 million or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the Sub-Fund or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed or (iv) the Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange or (v) at any time, the Sub-Fund ceases to have any Participating Dealer. Upon the Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the Sub-Fund to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be more or less than the capital invested by the Unitholder.

Market Trading Risks associated with the Sub-Fund

Absence of active market and liquidity risks. Although Units of the Sub-Fund are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities which comprise the Sub-Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If you need to sell your Units at a time when no active market for them exists, the price you receive for your Units — assuming you are able to sell them — is likely to be lower than the price received if an active market did exist.

Suspension of trading. Investors and potential investors will not be able to buy, nor will investors be able to sell, Units on the SEHK during any period in which trading of the Units is suspended. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

Trading hour's difference. As The Tokyo Stock Exchange and The Osaka Securities Exchange 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. Furthermore, the market price of underlying Securities listed on the above stock exchanges which are established outside Hong Kong may not be available during part or all of the

SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the Net Asset Value.

Effect of redemptions. If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the Sub-Fund's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers, the right of Participating Dealers to require redemptions in excess of 10% of the total number of Units in the Sub-Fund then in issue (or such higher percentage as the Manager may determine) may be deferred, or the period for the payment of redemption proceeds may be extended.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of the Sub-Fund for the whole or any part of any period. Please see the section on "Determination of Net Asset Value" for further details.

Units may trade at prices other than Net Asset Value. Units of the Sub-Fund trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of the Sub-Fund is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the Sub-Fund's holdings. The trading prices of the Sub-Fund's Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Units may deviate significantly from Net Asset Value particularly during periods of market volatility. Any of these factors may lead to the Units of the Sub-Fund trading at a premium or discount to the Net Asset Value. On the basis that Units can be created and redeemed in Application Units at Net Asset Value, the Manager believes that large discounts or premiums to Net Asset Value are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that the Units will normally trade at prices close to the Sub-Fund's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the Sub-Fund's Net Asset Value due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions or the existence of extreme market volatility may result in trading prices that differ significantly from Net Asset Value. In particular, if an investor purchases Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to Net Asset Value, then the investor may sustain losses.

Borrowing Risks. The Trustee, at the request of the Manager, may borrow for the account of the Sub-Fund (up to 25% of the net asset value of the Sub-Fund) for various reasons, such as facilitating redemptions or to acquire investments for the account of the Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the Sub-Fund will be able to borrow on favourable terms, or that the Sub-Fund 's indebtedness will be accessible or be able to be refinanced by the Sub-Fund at any time.

Cost of trading Units. Buying or selling Units involves various types of costs that apply to all Securities transactions. When trading Units through a broker, investors will incur a brokerage commission or other charges imposed by the broker. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price at which they are willing to sell Units (ask price). Frequent trading may detract significantly from investment results and an investment in Units may not be advisable particularly for investors who anticipate making small investments regularly.

No Right to Control the Sub-Fund's Operation. Investors will have no right to control the daily operations, including investment and redemption decisions, of the Sub-Fund.

Secondary market trading risk. Units may trade on the SEHK when the Sub-Fund does not accept orders to subscribe or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the

Sub-Fund accepts subscription and redemption orders.

Reliance on the Manager. Unitholders must rely upon the Manager in formulating the investment strategies and the performance of the Sub-Fund is largely dependent on the services and skills of its officers and employees. 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 of the insolvency of the Manager, the Trustee 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 Sub-Fund's performance and investors may lose money in those circumstances.

Reliance on Market Makers. Although it is the Manager's expectation that at least one Market Maker will maintain a market for the Units, liquidity in the market for the Units may be adversely affected if there is no Market Maker for the Sub-Fund. It is possible that there is only one SEHK Market Maker to the Sub-Fund, and there is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers. The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of Securities through the CCASS is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the Sub-Fund or disposal of the Sub-Fund's Securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

Risks associated with the Index

The Index is subject to fluctuations. The performance of the Units should, before fees and expenses, correspond closely with the performance of the Index. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

Licence to use Index may be terminated. The Manager is granted a licence by the Index Provider to use the Index to create the Sub-Fund based on the Index and to use certain trade marks and any copyright in the Index. The Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The initial term of the licence agreement is two years and is thereafter renewable annually. Although the licence agreement was renewed for one year after the initial two years term expired, there can be no guarantee that the licence agreement will be perpetually renewed. For further information on the grounds for terminating the licence agreement, please refer to the section on "Index Licence Agreement". The Sub-Fund may also be terminated if the Index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

Compilation of Index. The Securities of the Index are determined and composed by the Index Provider without regard to the performance of the Sub-Fund. The Sub-Fund is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the Sub-Fund or other persons regarding the advisability of investing in Securities generally or in the Sub-Fund particularly. The Index Provider has no obligation to take the needs of the Manager or investors in the Sub-Fund into consideration in determining, composing or calculating the Index. There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. Consequently there can be no guarantee that the actions of the Index Provider will not prejudice the interests of the Sub-Fund, the Manager or investors.

Composition of the Index may change. The Securities constituting the Index will change as the

Securities of the Index are delisted, or as the Securities mature or are redeemed or as new Securities are included in the Index. When this happens the weightings or composition of the Securities owned by the Sub-Fund will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that the Sub-Fund will, at any given time accurately reflect the composition of the Index (refer to the section on "Tracking Error Risk").

Index Provider and the Manager and Sub-Manager are not independent of each other. The Index Provider of the Sub-Fund is FTSE, which calculates and reports the daily closing level of the Index (or designates parties to do so), whereas the Index was designed by VPISL. The ultimate holding company of VPISL is the holding company of the Sub-Manager and the Manager. The Sub-Manager and VPISL also share resources. As such, VPISL, the Manager and the Sub-Manager of the Sub-Fund are not technically independent of each other.

Nonetheless, the Manager does not consider this will be a concern for the following reasons:

(a) VPISL's operations and the Sub-Manager's investment management operations are under the responsibility of different staff and management teams. These two operations report directly to different heads.

(b) The Group has internal policies and procedures in place which ensure that effective "Chinese Walls" are created and maintained between different entities of the Group and their operations and which impose strict obligations of confidentiality on such entities' staff. Information is disclosed between different operations within the same entity and between different entities of the Group on a "need to know" basis only.

(c) The Group has IT firewall procedures in place restricting access to important systems and business information to authorised personnel. All of the Group's staff is required to comply with the Group's internal policies and procedures and the IT security standards of the Group.

(d) As indicated in the section on "Index Methodology" above, the Index has clear methodology and rules which are well documented by which the Index is calculated.

Regulatory Risks

Withdrawal of SFC Authorisation. The Trust and the Sub-Fund have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the Securities and Futures Ordinance. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This 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. The SFC reserves the right to withdraw the authorisation of the Trust or the Sub-Fund or impose such conditions as it considers appropriate. If the Manager does not wish the Trust or the Sub-Fund to continue to be authorised by the SFC, the Manager will give Unitholders at least three months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain conditions which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions, it becomes illegal, impractical or inadvisable to continue the Trust or the Sub-Fund, the Trust or the Sub-Fund (as applicable) will be terminated.

Legal and Regulatory Risk. The Sub-Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the Sub-Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Index and as a result, the performance of the Sub-Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Sub-Fund. In the worst case scenario, a Unitholder may lose a material part of its investments in the Sub-Fund.

Units may be delisted from the SEHK. The SEHK imposes certain requirements for the

continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that the Sub-Fund will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units of the Sub-Fund are delisted from the SEHK, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the Sub-Fund. Where the Sub-Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of the Sub-Fund for any reason it is likely that Units may also have to be delisted.

Taxation. Investing in the Sub-Fund may have tax implications for a Unitholder depending on the particular circumstances of each Unitholder. Prospective investors are strongly urged to consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the Units. Such tax consequences may differ in respect of different investors.

Valuation and Accounting. The Manager intends to adopt IFRS in drawing up the annual accounts of the Sub-Fund. However, the calculation of the Net Asset Value in the manner described under the section on "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Under IFRS, investments should be valued at fair value (bid and offer pricings are considered to be representative of fair value for listed investments) rather than last traded price. Accordingly, the Net Asset Value as described in this Prospectus will not necessarily be the same as the net asset value to be reported in the annual accounts as the Manager will make necessary adjustments in the annual accounts to comply with IFRS (although the Manager does not consider the differences between IFRS and the calculation of Net Asset Value are material). Any such adjustments will be disclosed in the annual accounts, including a reconciliation.

Contagion. The Trust Deed allows the Trustee and the Manager to issue Units in separate sub-funds. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various sub-funds under the Trust, including the Sub-Fund (liabilities are to be attributed to the specific sub-fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant sub-fund (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one sub-fund being compelled to bear the liabilities incurred in respect of other sub-funds in which such Unitholders do not themselves own units, if there are insufficient assets in that other sub-fund to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one sub-fund may not be limited to that particular sub-fund and may be required to be paid out of one or more other sub-funds.

Cross Liability. The assets and liabilities of each sub-fund (including the Sub-Fund) under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other sub-funds, and the Trust Deed provides that the assets of each sub-fund should be segregated from each other. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability and that the assets of any particular sub-fund will not be used to satisfy the liabilities of any other sub-fund.

MANAGEMENT OF THE TRUST

The Manager

Sensible Asset Management Hong Kong Limited (the "Manager") was established as a joint venture formed between Value Partners Group Limited, a company listed on the SEHK and a member of the Group, and the Ping An Insurance Group. The Manager became wholly owned by Value Partners Group Limited after Value Partners Group Limited acquired all of the Ping An Insurance Group's interest in the Manager on 25 July 2011.

The Manager was incorporated in Hong Kong with limited liability on 28 April 2008 and is licensed by the SFC to conduct type 4 (advising in securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number ARE534.

Under the Trust Deed, the monies forming part of the Sub-Fund are invested, at the direction of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of the Trust.

Without limiting the other powers mentioned in this Prospectus, the Manager may purchase and sell investments for the account of the Sub-Fund and subject to the provisions of the Trust Deed and enter into such contracts including sale and purchase agreements, loans and broker and trading agreements in accordance with the Trust Deed, as it deems appropriate in the performance of its role as Manager.

The Manager also manages the Value China ETF and the Value Gold ETF.

The Directors of the Manager

The Directors of the Manager are:

CHOW Wai Chiu William - Mr. William Chow is a Managing Director of ETF Business, where he holds a leadership role in the Company's exchange traded funds (ETFs) business. Mr. Chow joined the Group in February 2010.

Mr. Chow has extensive experience in the ETF industry, with a solid track record in product development and strategy as well as ETF portfolio management. Previously, he was the Senior Portfolio Manager at Blackrock North Asia Ltd, participating in iShares ETFs portfolio management. He was also the Lead Portfolio Manager of a number ETFs established under iShares including iShares FTSE A50 China Index ETF (one of the largest ETFs in Asia). Prior to joining iShares, he spent four years at State Street Global Advisors Asia Ltd ("SSgA"), as a Portfolio Manager and was responsible for various institutional equity index, asset allocation and currency hedging strategies, as well as managing ETFs such as the Tracker Fund of Hong Kong. Before joining SSgA, Mr. Chow worked for UBS AG.

Mr. Chow graduated with a Master's degree in Science in Operational Research from the London School of Economics and Political Science (UK), and a Bachelor's degree in Engineering (Hons) in Civil Engineering from the University College London (UK).

SO Chun Ki Louis - Mr. Louis So is Co-Chief Investment Officer ("Co-CIO") of Value Partners, responsible for the daily operations and overall management of the firm's investment management team. He holds a leadership role in the Group's 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 most recently promoted to the role of Co-CIO in July 2010.

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

Sub-Manager

The Manager has delegated, under its own supervision and responsibility and at its own expense, all of its investment management duties to Value Partners Hong Kong Limited (the "Sub-Manager").

The Sub-Manager was incorporated in Hong Kong with limited liability on 10 May 1999 and is licensed by the SFC to conduct type 1 (dealing in securities), type 4 (advising in securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number AFJ002.

The Directors of the Sub-Manager

CHEAH Cheng Hye - Mr. Cheah Cheng Hye is Chairman and Co-Chief Investment Officer ("Co-CIO") 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 on the main board 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 named Best CIO of the Year in Asia together with Mr Louis So in 2011 Best of the Best Awards by *Asia Asset Management*. In 2010, he was selected by *AsianInvestor* as one of the Top-25 Most Influential People in Asian Hedge Funds.

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 politics across East and Southeast Asia.

HO Man Kei, Norman, ***CFA*** - Mr. Norman Ho is an Investment Director of Value Partners, where he holds a leadership role in the Company's 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 Company's 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. He is a CFA charterholder.

So Chun Ki Louis – Please refer to the section on "The Directors of the Manager".

The Trustee and Registrar

The Trustee of the Sub-Fund is HSBC Institutional Trust Services (Asia) Limited, which is a registered trust company in Hong Kong. The Trustee is an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Sub-Fund subject to the provisions of the Trust Deed. The Trustee may, however, appoint any person or persons (including a Connected Person) to be custodian of the assets of the Sub-Fund or to otherwise act as its agent. The Trustee is required to exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such persons and, during the term of their appointment, must satisfy itself as to the ongoing suitability of such persons to provide custodial services to the Sub-Fund, having regard to the market or markets for which such persons are appointed to act as custodian.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of: (i) a custodian which is not a member of the group of companies to which the Trustee belongs; (ii) any depository or clearing system; or (iii) any lender or nominee of any lender in whose name all or any of the Sub-Fund's assets are registered for the purposes of any charge or pledge in securing any borrowing for the account of the Sub-Fund.

The Trustee will not participate in transactions or activities or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to the sanctions of the Office of Foreign Assets Control of the US Department of Treasury.

The Trustee will also act as the Registrar of the Sub-Fund. The Trustee will be entitled to the fees described in the section on "Fees and Expenses".

The Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee, the Registrar, the Participating Dealer, the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Sub-Fund by Participating Dealers.

The Auditor

The Manager has appointed KPMG to act as the auditor of the Trust and the Sub-Fund (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

The Participating Dealer

A Participating Dealer may act for its own account or for your account as its clients in making Creation Applications and Redemption Applications. The latest list of the Participating Dealers is available at www.valueETF.com.hk/JapanETF.

The Market Maker

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Units in the secondary market and whose obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for the Units on the SEHK. Market Makers facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one Market Maker for the Sub-Fund on the listing date on the SEHK. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will endeavour to ensure that there is at least one other Market Maker to facilitate the efficient trading of Units. The latest list of Market Makers is available at www.hkex.com.hk and www.valueETF.com.hk/JapanETF. Please refer to the section on "Website Information" for the warning and the disclaimer regarding information

contained in such website.

Conflicts of Interest and Soft Dollars

The Manager and the Trustee may, from time to time, act as manager, sub-investment manager, investment adviser, trustee or custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and the Sub-Fund and retain any profit or benefit made in connection therewith.

In addition:

(a) The Manager or any Connected Person may purchase and sell investments for the account of the Sub-Fund 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 Sub-Fund's assets.

(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 by the Sub-Fund.

(e) Any arrangements for the borrowing or deposit of any monies for the account of the Sub-Fund may be made with any of the Trustee, the Manager, the Sub-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.

(f) Neither the Trustee nor the Manager nor any Connected Person shall be liable to account to each other or to the Sub-Fund 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 Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Sub-Fund and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to applicable rules and regulations, the Manager, the Sub-Manager, their delegates or any Connected Person of the Manager may enter into portfolio transactions for or with the Sub-Fund as agent in accordance with normal market practice, provided that commissions charged to the Sub-Fund in these circumstances do not exceed customary full service brokerage rates. If a broker does not provide research or other lawful services in addition to brokerage execution, such broker will generally charge a brokerage commission that is discounted from customary full service brokerage rates. Where the Manager invests the Sub-Fund in shares or units of a collective investment scheme managed by the Manager, the Sub-Manager, their delegates or any Connected Persons, the manager of the scheme in which the investment is being made by the Sub-Fund 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 of the Manager) borne by the Sub-Fund.

None of the Manager, the Sub-Manager, their delegates 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 Prospectus 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 Sub-Fund, and any such rebates or payments or benefits which are received shall be credited to the account of the Sub-Fund.

The Manager, the Sub-Manager, their 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 Sub-Fund (as may be permitted under the Code, 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.

The services of the Trustee provided to the Trust and the Sub-Fund are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other moneys payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Sub-Fund any fact or thing which comes to the notice of the Trustee in the course of the Trustee rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed.

Conflicts of interest may also arise due to the widespread business operations of the Trustee, the Manager, the Registrar and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Sub-Fund will be on arm's length terms. For so long as the Sub-Fund is authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager, investment advisers or any of their respective Connected Person, must ensure it complies with the following obligations:

(a) such transactions should be on arm's length terms;

(b) it must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) the Manager must monitor such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the relevant Sub-Fund.

STATUTORY AND GENERAL INFORMATION

Reports and Accounts

The financial year-end of the Trust and the Sub-Fund is 31 March every year, commencing 31 March 2013. Audited accounts are to be prepared (according to IFRS) and published on the Manager's website within 4 months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to the last Dealing Day in September of each year and published on the Manager's website within 2 months of such date. Once these reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The first audited accounts and the first half-yearly unaudited reports will be for the year end 31 March 2013 and half year 30 September 2013 respectively.

Both English and Chinese versions of the audited accounts and the half-yearly unaudited reports of the Sub-Fund will be available, printed copies of which may be requested free of charge from the Manager by contacting it, as described below under "Notices".

The reports provide details of the assets of the Sub-Fund and the Manager's statement on transactions during the period under review (including a list of any constituent Securities of the Index, if any, that each accounts for more than 10% of the weighting of the Index as at the end of the relevant period and their respective weighting showing any limits adopted by the Sub-Fund have been complied with). The reports shall also provide a comparison of the Sub-Fund's performance and the actual Index performance over the relevant period and such other information as is required under the Code.

Trust Deed

The Trust and the Sub-Fund were established under Hong Kong law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager out of the assets of the Trust Fund and their relief from liability in certain circumstances (summarised below in "Indemnities of the Trustee and Manager"). Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Sub-Fund. Nothing in any of the provisions of the Trust Deed shall exempt either the Trustee or the Manager (as the case may be) from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, fraud, default, breach of duty or trust of which they may be liable in relation to their duties.

Modification of Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Sub-Fund or (ii) is necessary in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must also give its prior approval to all amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments as soon as practicable after they are made if such notification is required under the Code.

Meetings of Unitholders

Proxies may be appointed. A Unitholder who is the holder of two or more Units may appoint more than one proxy to represent him and vote on his behalf at any meeting of the Unitholders. If a clearing house (or its nominee(s)), being a corporation, is a Unitholder, it may authorise such persons as it think fit to act as its representatives at any meeting of the Unitholders provided that, if more than one person is so authorised, the authorisation shall specify the number and class of Units in respect of which each such representative is so authorised. Each person so authorised shall be deemed to have been duly authorised without further evidence of the facts and shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person were the registered Unitholder of the Units held by the clearing house (or its nominee(s)), including the right to vote individually on a show of hands or on a poll.

Voting Rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 days' notice.

These meetings may be used to modify the terms of the Trust Deed, including increasing the maximum fees payable to the service providers, removing the Manager or terminating the Sub-Fund at any time. Such amendments to the Trust Deed must be considered by Unitholders of at least 25% of the Units in issue and passed by a 75% majority of the votes cast.

Other matters that require an ordinary resolution being passed would be considered by Unitholders of at least 10% of the Units in issue and passed by a simple majority of 50% of the votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding Units of different classes where only the interests of Unitholders of such class are affected.

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 60 days or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily or (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders or (iv) a law is passed that renders it illegal, or in the opinion of the Trustee, impracticable or inadvisable to continue the Trust or (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by Extraordinary Resolution or (vi) 30 days after the Trustee notifies the Manager of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Sub-Fund is less than HK$150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate the Sub-Fund if: (i) after one year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units in the Sub-Fund is less than HK$150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue the Sub-Fund; (iii) its Index is no longer available for

benchmarking or if the Units of the Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the Sub-Fund ceases to have any Participating Dealer; or (v) the Manager is unable to implement its investment strategy. Further, the Unitholders may at any time authorise termination of the Trust or the Sub-Fund by extraordinary resolution.

The Trustee may, in its absolute discretion, by notice in writing to the Manager, terminate the Sub-Fund if: (i) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties satisfactorily in respect of the Sub-Fund; (ii) the Trustee forms the opinion for good and sufficient reason that the Manager has failed to perform its duties satisfactorily in respect of the Sub-Fund or has done something calculated to bring the Sub-Fund into disrepute or that is harmful to the interests of Unitholders of the Sub-Fund; or (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Trustee makes it impracticable or inadvisable to continue the Sub-Fund.

Unless previously terminated as described above or under another provision in the Trust Deed, the Trust shall in any event terminate at the expiry of 80 years from the date of the Trust Deed.

Notice of the termination of the Trust or the Sub-Fund will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Trust or the Sub-Fund and the alternatives available to them, and any other information required by the Code.

Distribution Policy

The Manager may in its absolute discretion distribute income to Unitholders semi-annually (usually in March and September) as the Manager considers appropriate having regard to the Sub-Fund's net income. Distributions are not guaranteed and the Manager may in its sole and absolute discretion decide not to make any distribution semi-annually or otherwise.

Inspection of Documents

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK$150 per set of copy documents:

(a) Trust Deed;

(b) Service Agreement;

(c) Participation Agreement(s); and

(d) The most recent annual report and accounts of the Trust and the Sub-Fund (if any) and the most recent interim report of the Trust and the Sub-Fund (if any).

Part XV of the Securities and Futures Ordinance

Part XV of the Securities and Futures Ordinance sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the Trust. Consequently, Unitholders are not obliged to disclose their interest in the Sub-Fund.

Anti-Money Laundering Regulations

As part of the Manager's, the Trustee's and the Participating Dealer's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, the Sub-Fund or the relevant Participating Dealer is subject, the Manager, the Registrar, the Trustee or the relevant Participating Dealer may require a detailed verification of an investor's identity and the source of payment of any applications for Units. Depending on the circumstances

of each application, a detailed verification might not be required where:

(a) the investor makes the payment from an account held in the investor's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions apply only if the financial institution or intermediary is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

Index Licence Agreement

The Manager has been granted a non-exclusive, non transferable licence pursuant to index licence agreement dated 23 September 2009 (as amended by a variation agreement dated 1 December 2010 and second variation agreement dated 1 June 2011) entered into between the Manager and FTSE (the "Licence Agreement"), to use the Index in connection with the issue, operation, marketing, promotion and distribution of the Sub-Fund.

The Licence Agreement had an initial term of two years and thereafter additional one year periods until terminated by either party under the circumstances listed below:

(a) FTSE may terminate the Licence Agreement if:

  (i) the Manager is convicted of any offence relating to the Sub-Fund or to the trading of the Units;

  (ii) the Manager is found to be in material breach of any applicable laws, regulations or rules; or

  (iii) there is a change of control impacting on or in relation to the Manager.

(b) The Manager may terminate the Licence Agreement if:

  (i) a notice to increase charges is received from FTSE; or

  (ii) legislations or regulations or interpretations are adopted where in the Manager's reasonable judgement, its ability to market and/or to promote the Sub-Fund in Hong Kong is materially impaired.

(c) Either party may terminate the Licence Agreement if:

  (i) the other party breaches any term of the Licence Agreement and it is not possible to remedy the breach;

  (ii) the other party commits any material breach of its obligations and fails to remedy the breach within 15 days of receipt of written notice requiring the same;

  (iii) the other party suffers from an "insolvency event" (as defined in the Licence Agreement);

  (iv) at least 6 months' prior written notice is given to the other party; or

  (v) FTSE ceases to calculate and publish the Index and either (A) does not make available a replacement index or (B) does make available a replacement index but the Manager elects not to use such index.

Material Changes to the Index

The SFC should be consulted on any events that may affect the acceptability of the Index.

Significant events relating to the Index will be notified to the Unitholders as soon as practicable. These may include a change in the methodology/rules for compiling or calculating the Index, or a change in the objective or characteristics of the Index.

Replacement of Index

The Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Index with another index in accordance with the provisions of the index licence agreement. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the Index ceasing to exist;

(b) the licence to use the Index being terminated;

(c) a new index becoming available that supersedes the existing Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;

(e) investing in the Securities comprised within the Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

The Manager may change the name of the Sub-Fund if the Index changes or for any other reasons including if licence to use the Index is terminated. Any change to (i) the use by the Sub-Fund of the Index and/or (ii) the name of the Sub-Fund will be notified to investors.

Information available on the Internet

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 www.valueETF.com.hk/JapanETF including:

(a) this Prospectus and the product key fact statement in respect of the Sub-Fund (as revised from time to time);

(b) the latest annual and semi-annual financial reports;

(c) any notices for material alterations or additions to this 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 Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;

(e) near real time estimated Net Asset Value per Unit throughout each Dealing Day;

(f) the last closing Net Asset Value;

(g) the composition of the Sub-Fund (updated on a monthly basis); and

(h) the identity of the Participating Dealers and Market Makers.

After Listing, information on the bid/ask price will be disclosed on a near real time basis and the previous day's closing Net Asset Value in respect of Units will be disclosed on the information pages of the SEHK website only.

Real-time updates about the Index can be obtained through other financial data vendors. It is your own responsibility to obtain additional and the latest updated information about the Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the website http://www.valuepartners-index.com.hk/home/eng/index.php or http://www.ftse.com/. Please refer to the section on "Website Information" for the warning and the disclaimer regarding information contained in such website.

Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to the following addresses:

Manager
Sensible Asset Management Hong Kong Limited
9/F, Nexxus Building
41 Connaught Road Central
Hong Kong

Trustee
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Website Information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Listing Agent, the Manager, the Sub-Manager, or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Listing Agent, the Manager, the Sub-Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager and the Sub-Manager, their respective websites www.valueETF.com.hk and www.valuepartners.com.hk. The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

TAXATION

The following summary of Hong Kong and Japan taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong or Japan and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong or Japan at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

Hong Kong Taxation

The Trust and Sub-Fund

Profits Tax: As the Trust and the Sub-Fund have been authorised as a collective investment scheme by the SFC under Section 104 of the Securities and Futures Ordinance, profits of the Trust and the Sub-Fund 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 exempt from Hong Kong profits tax.

Stamp Duty: Under a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty on the transfer of Securities to the Trust by a Participating Dealer by a Creation Application will be remitted or refunded. Similarly, Hong Kong stamp duty on the transfer of Securities by the Trust to a Participating Dealer upon redemption of Units will also be remitted or refunded.

No Hong Kong stamp duty is payable by the Sub-Fund on an issue or redemption of Units.

The Unitholders

Profits Tax: Hong Kong profits tax is not payable by a Unitholder (other than Unitholders carrying on a trade, profession or business of investing in Securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units and on any distributions made by the Trust. In accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus) tax should not be payable in Hong Kong in respect of dividends payable to investors.

Stamp Duty: Application has been made to the Financial Services and Treasury Bureau and the Manager anticipates approval will be given for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units immediately before the listing of the Units on the SEHK.

Investors pay no Hong Kong ad valorem stamp duty when the Sub-Fund issues or redeems Units.

Japan Taxation

The Trust and the Sub-Fund should, from the Japanese legal perspective, be viewed as a foreign investment trust (gaikoku toshi shintaku) which is effectively the same type of trust as a securities investment trust (shoken toshi shintaku) as provided under relevant investment trust law. On this basis it is anticipated that the Trust and the Sub-Fund should be treated as a foreign investment trust akin to a Japanese securities investment trust for Japanese tax purposes. The summary below is prepared on this basis and also on the assumption that the Trust and the Sub-Fund do not have a taxable permanent establishment in Japan.

The Trust and Sub-Fund

Corporate Tax: The Trust and the Sub-Fund should not be subject to Japanese corporate tax on profits from its investment activities.

Withholding Tax: In the event that the Trust and the Sub-Fund hold shares in listed Japanese corporations and receive dividends on those shares, Japanese withholding income tax will apply. This tax is generally levied at a special reduced rate of 7% until 31 December 2013 and will be taxed at 15% thereafter in the absence of further extension of the reduced rate.

In the event that the Trust and the Sub-Fund hold Securities which give rise to Japanese source interest income, Japanese withholding income tax will apply. This tax is levied at a rate of 20% on loan type interest and 15% on bond type interest.

In the event that the Trust and the Sub-Fund acquire other Securities which give rise to Japanese sourced income incidentally or otherwise, Japanese withholding income tax will depend upon the specific nature of the Securities and the related income.

Unitholders

Corporate or Income Tax: For Unitholders who are not Japanese resident and who do not have a taxable permanent establishment in Japan there should be no Japanese corporate or income tax liabilities applicable to income received from the Trust and the Sub-Fund.

For Unitholders who are Japanese resident or who have a taxable permanent establishment in Japan, income received from the Trust and the Sub-Fund could be subject to Japanese corporate or income tax, depending on the specific characteristics of the relevant Unitholder. Such Unitholders should discuss their tax position with their own professional advisors.

However, Japanese tax rules and related guidance very often do not provide specific clarity as to the nature and/or treatment of foreign investment vehicles for Japanese tax purposes. Accordingly there is inherent uncertainty as to the treatment to be applied to the Trust and the Sub-Fund.

In the event that the Trust and the Sub-Fund were not viewed as a foreign trust akin to a Japanese securities investment trust for Japanese tax purposes, the Japanese tax treatment could be changed. The practical application of such taxation would also depend on whether the Trust and the Sub-Fund are viewed as (i) a corporate (non-tax transparent) entity or (ii) a tax-transparent entity for Japanese tax purposes.

In the case of (i), in addition to the taxes discussed above, the Trust and the Sub-Fund could be subject to Japanese national corporation tax on gains from the sale of certain Japanese shareholdings. On the basis that the Trust and the Sub-Fund will at no time hold alone (or together with related parties) a shareholding of 25% or more in a Japanese corporation, relevant taxation should only be potentially applicable in the case where the Trust and the Sub-Fund hold shares in a so-called Japanese real estate holding company ("REHC"), which is essentially a company with at least 50% of the value of its assets comprised of Japanese real estate assets. The Trust and the Sub-Fund could be subject to Japanese national corporation tax on gains made on a disposal of REHC shares where the Trust and the Sub-Fund alone (or together with related parties) own more than 5% of the REHC's shares and the REHC is listed. In the case of unlisted REHC, tax may apply where more than 2% of the REHC shares are owned.

In the case of (ii), the withholding income taxes discussed in relation to the Trust and Sub-Fund above will strictly be applicable directly to the Unitholders. In addition, in relation to gains made on disposal of REHC shares by the Trust and the Sub-Fund, Unitholders who are not Japanese resident and do not have no permanent establishment in Japan may be considered as related parties to each other and so each will be subject to Japanese national corporation tax or income

tax on their respective portion of such gains, if the de minimis shareholding limits noted above are breached when viewing the position based on the Trust and the Sub-Fund's shareholding as a whole. For Unitholders who are Japanese resident or have a taxable permanent establishment in Japan, they could be subject to different tax treatments, including being subject to tax on gains even where the de minimis rules on REHC disposals are not breached. Once again such Unitholders are reminded to discuss their tax position with their own professional advisors.

SCHEDULE 1

INVESTMENT RESTRICTIONS, SECURITY LENDING AND BORROWING

Investment Restrictions

If any of the restrictions or limitations set out in this Schedule 1 is breached, the Manager will make it a priority objective to take all necessary steps within a reasonable period to remedy such breach, taking into account the Unitholders' interests.

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which the Sub-Fund was authorised.

The investment restrictions applicable to the Sub-Fund that are included in the Trust Deed are summarised below:

(a) not more than 10% of the Net Asset Value of the Sub-Fund may be invested in Securities (other than Government and other public securities) issued by any single issuer (save as permitted by Chapter 8.6(h) and by Appendix I of the Code (see the Note below));

(b) Securities of a single class (other than Government and other public securities) held for the account of the Trust collectively may not exceed 10% of the nominal amount of the Securities issued by a single issuer;

(c) not more than 15% of the Net Asset Value of the Sub-Fund may be invested in Securities which are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

(d) notwithstanding (a) and (b) above, up to 30% of the Net Asset Value of the Sub-Fund may be invested in Government and other public securities of the same issue;

(e) subject to (d), all of the assets of the Sub-Fund may be invested in Government and other public securities in at least six different issues;

(f) the Sub-Fund may enter into financial futures contracts for hedging purposes;

(g) not more than 20% of the Net Asset Value of the Sub-Fund may be invested in (i) futures contracts on an unhedged basis (by reference to the net aggregate value of contract prices, whether payable to or by the Sub-Fund under all outstanding futures contracts) and (ii) physical commodities (including gold, silver, platinum or other bullion) and other commodity-based investments (excluding, for this purpose, securities of companies engaged in the production, processing or trading of commodities);

(h) the value of warrants and options held for the account of the Sub-Fund, in terms of the total amount of premium paid (other than for hedging purposes), may not exceed 15% of the Net Asset Value of the Sub-Fund;

(i) where the Sub-Fund invests in units or shares of other collective investment schemes ("underlying schemes"),

    (i) the value of units or shares in underlying schemes which are neither recognised jurisdiction schemes (as determined by the SFC) nor authorised by the SFC, held for the account of the Sub-Fund, may not exceed 10% of the Net Asset Value of the Sub-Fund; and

    (ii) the Sub-Fund may invest in one or more underlying schemes which are either recognised jurisdiction schemes or schemes authorised by the SFC, but the value of the units or shares held for the account of the Sub-Fund in each such underlying

scheme may not exceed 30% of the Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the offering document of the Sub-Fund,

provided that:

(1) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by the investment restrictions set out herein, and where that underlying scheme's objective is to invest primarily in investments restricted by the provisions under the Trust Deed, such holdings may not be in contravention of the relevant limitation;

(2) where an investment is made in any underlying scheme(s) managed by the Manager or its Connected Persons, all initial charges on the underlying scheme(s) must be waived; and

(3) the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company; and

(j) Securities of a single class (other than Government and other public securities) held for the account of the Sub-Fund, when aggregated with other holdings of the same class of Securities held for the account of all other sub-funds under the Trust may not collectively exceed 10% of the nominal amount of the Securities of the same class in issue,

save to the extent that any of the above holdings is permitted under the Code or any approval, permission or waiver in respect of any of the above restrictions has been obtained from the SFC in writing in respect of the Sub-Fund.

The Sub-Fund shall not:

(a) invest in a Security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or collectively own more than 5% of those securities;

(b) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs));

(c) make short sales if as a consequence the liability to deliver Securities would exceed 10% of the Net Asset Value of the Sub-Fund (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted);

(d) write uncovered options;

(e) write a call option on portfolio investments of the Sub-Fund if the aggregate of the exercise prices of all such call options written in respect of the Sub-Fund would exceed 25% of the Net Asset Value of the Sub-Fund;

(f) lend or make a loan out of the assets of the Sub-Fund without the prior written consent of the Trustee;

(g) 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;

(h) enter into any obligation in respect of the Sub-Fund or acquire any asset for the account of the Sub-Fund which involves the assumption of any liability which is unlimited; or

(i) apply any part of the assets of the Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made

unless such call could be met in full out of cash or near cash forming part of the Sub-Fund which has not been appropriated and set aside for any other purposes (including in respect of any writing of call options).

Note: The investment restrictions set out above apply to the Sub-Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single issuer exceeding 10% of the collective investment scheme's total net asset value. Given the investment objective of the Sub-Fund and nature of the Index, the Sub-Fund is allowed under Chapter 8.6(h) of the Code to hold investments in Securities of any single issuer exceeding 10% of the Sub-Fund's latest available Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the Sub-Fund's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature, or otherwise approved by the SFC. Subject to Chapter 8.6(h) of the Code, more than 30% of the latest available Net Asset Value of the Sub-Fund may also be invested in government and other public Securities of the same issue. However, the Manager may cause the Sub-Fund to deviate from the index weighting (in pursuing a representative sampling strategy) under Appendix I of the Code (the "ETF Guidelines") on condition that the maximum deviation from the index weighting of any constituent will not exceed 4% or such other percentage as determined by the Manager after consultation with the SFC. Under the ETF Guidelines, the Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit. The annual and semi-annual reports of the Sub-Fund shall also disclose whether or not such limit has been complied with during such period and account for any non-compliance in those reports.

Security Lending

The Sub-Fund will not engage in any securities lending, repurchase transactions or other similar transactions.

Borrowing Policy

Borrowing against the assets of the Sub-Fund is allowed up to a maximum of 25% of its latest available Net Asset Value. The Trustee may at the request of the Manager borrow for the account of the Sub-Fund any currency, and charge or pledge assets of the Sub-Fund, for the following purposes:

(a) facilitating the creation or redemption of Units or defraying operating expenses;

(b) enabling the Manager to acquire Securities for the account of the Sub-Fund; or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee.

SCHEDULE 2

INDEX AND DISCLAIMER

1. Index Methodology

The Index is an investable index comprising 35 Japan companies listed on The Tokyo Stock Exchange ("TSE") and The Osaka Securities Exchange ("OSE"), selected by FTSE and VPISL according to the Index ground rules which are summarised below.

You can obtain the complete and most updated ground rules from the website of FTSE at www.ftse.com.

2. Roles of FTSE and VPISL

FTSE is responsible for the operation, calculation and maintenance of the Index as well as the publication and record keeping of all changes to constituents. VPISL is responsible for undertaking the index screening review of the Index and will also provide FTSE with a list of new constituents at the semi-annual review.

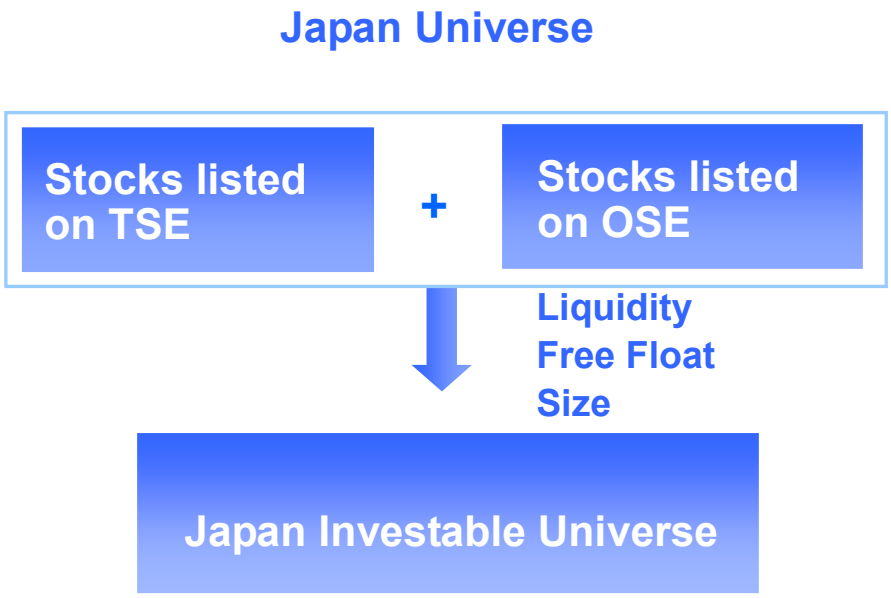
Regarding the performance of the three screenings (as further explained in 3.1 below), the liquidity and free float screenings are performed by FTSE whereas the size screening is performed by VPISL based on data supplied by FTSE.

3. Universe Selection Criteria

Stocks listed on the TSE and OSE will be eligible for Index inclusion and are referred to in this Prospectus as the Japan Universe.

3.1 Japan Investable Universe

Each company in the Japan Universe will be subject to three investability screens stated below so as to qualify as candidates in the Japan Investable Universe. These are liquidity, free float and size.



3.1.1 Liquidity

Each security in the Japan Universe will be tested for liquidity by calculation of its median daily trading per month. The median trade is calculated by ranking each daily trade total and selecting the middle ranking day. Daily totals with zero trades are included in the ranking, therefore a

security that fails to trade for more than half of the days in a month will have a zero median trade.

A non-constituent which does not turnover at least 0.05% of the company's total shares in issue (after the application of any free float adjustment as explained in Rule 3.1.2) based on their median daily trade per month for at least ten out of the twelve months prior to a periodic review will not be eligible for inclusion in the Index.

An existing constituent which does not turnover at least 0.04% of the company's total shares in issue (after the application of any free float adjustment as explained in Rule 3.1.2) based on their median daily trade per month for at least eight of the twelve months prior to a periodic review will be removed from the Index.

New issues which do not have a twelve month trading record must have a minimum three month trading record when reviewed. They must turnover at least 0.05% of their shares in issue (after the application of any free float weightings) based on their median daily trade per month in each month since their listing to be eligible for inclusion in the Index.

The liquidity of each Index constituent is screened at the FTSE Global All Cap Index regional review for Japan in September of each year.

3.1.2 Free Float

The stocks in the Japan Universe are adjusted for free float, cross-holdings and foreign ownership limits. The free float banding rules will follow FTSE Global Equity Index Series methodology, which provides, amongst other things, that:

- A security that has a free float of less than or equal to 5% will be ineligible for the Index.
- A security that has a free float greater than 5% but less than or equal to 15% will be eligible for the Index provided that the security's full market capitalisation (before the application of any investability weight) is greater than USD 5 billion.
- If the security's nationality (which is determined by the FTSE Nationality Committee) is within an emerging country, the threshold level is reduced to USD 2.5 billion.

Free float restrictions will be calculated using available published information. The free float adjusted market capitalisation is calculated by multiplying the market price, total shares in issue, and investability weighting. In this regard, the initial weighting of a constituent in the Index will be applied in the following bands:

Free Float	**Investability weighting used to calculate the adjusted market capitalisation**
free float less than or equal to 5%	Security not eligible for inclusion in the Index
free float greater than 5% but less than or equal to 15%, provided that the security's full market capitalisation (before the application of any investability weight) is greater than USD2.5 billion for emerging country and USD 5 billion for non-emerging country	Actual free float rounded up to the next highest whole percentage number
free float greater than 15% but less than or equal to 20%	20%
free float greater than 20% but less than or equal to 30%	30%
free float greater than 30% but less than or equal to 40%	40%
free float greater than 40% but less than or equal to 50%	50%

free float greater than 50% but less than or equal to 75%	75%
free float greater than 75%	100%

Free float restrictions include:

– Shares directly owned by state, regional, municipal and local governments (excluding shares held by independently managed pension schemes for governments)

– Shares held by sovereign wealth funds where each holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%

– Shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies that they control

– Shares held within employee share plans

– Shares held by public companies or by non-listed subsidiaries of public companies

– Shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies and individuals (including employees) where the holding is 10% or greater. If the holding subsequently decreases below 10%, the shares will remain restricted until the holding falls below 7%

– All shares where the holder is subject to a lock-in clause (for the duration of that clause)

– Shares held for publicly announced strategic reasons, including shares held by several holders acting in concert

The following are not considered as restricted free float:

– Portfolio holdings (such as pension and insurance funds)

– Nominee holdings unless they represent restricted free float as defined above

– Holdings by investment companies

– ETFs

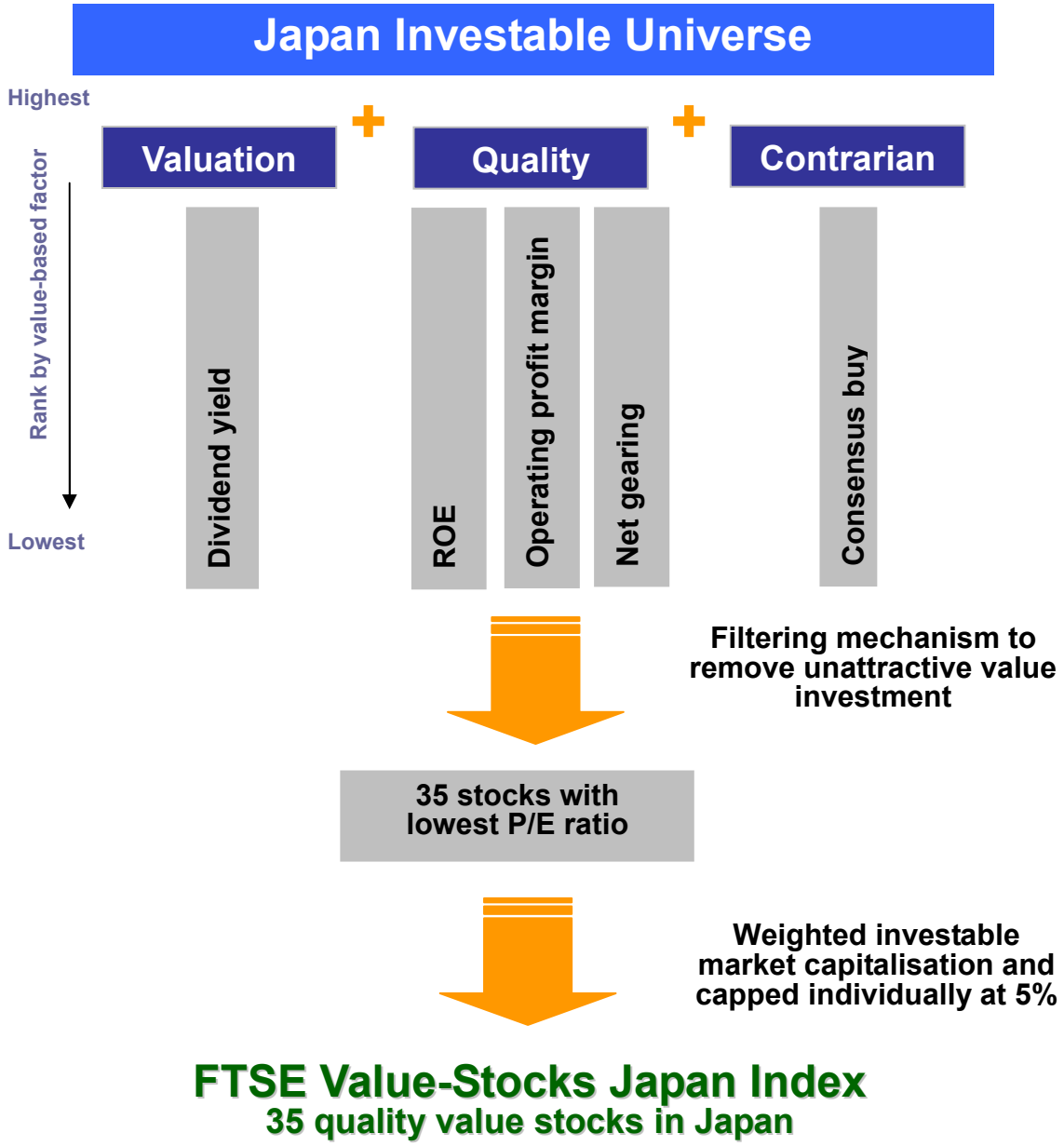
If in addition to the above restricted holdings, the company's shareholders are subject to legal restrictions, including foreign ownership restrictions, that are more restrictive, the legal restriction will be applied.

3.1.3 Size Requirement

The investable market capitalisation (i.e. after free float adjusted market capitalisation which is calculated by multiplying the market price, total shares in issue, and investability weighting) of a company must be at least 0.1% of the total investable market capitalisation of all the companies which can pass through the Liquidity and Free Float requirements of the FTSE Global Equity Index Series.

4. Index Screening

VPISL will screen each security in the Japan Investable Universe and each will be ranked by three sets of value-investing screening criteria, namely Contrarian, Quality and Valuation screenings.



4.1 Contrarian Screening

Contrarian screening aims to avoid following the herd. Companies in the Japan Investable Universe covered by more than 10 analysts in the forecast recommendation with a buy recommendation from over 80% of analysts will be screened out. These recommendations are currently based on the I/B/E/S consensus data which is collected by Thomson Reuters. I/B/E/S has a policy on the prevention of stale data which involves checking with contributing analysts when they have not changed their forecast for 105 days to ensure currency of their forecasts.

The screening criteria will change if the index constituent selection criteria in Rule 4.4(ii) is not met. For further details, please refer to Rule 4.4(ii).

4.2 Quality Screening

Quality screening is applied to avoid value traps, based on the following three fundamental factors:

(a) 3-year Average Return on Equity = (ROE_{-1} + ROE_{-2} + ROE_{-3}) / 3

where ROE_{-1}, ROE_{-2} and ROE_{-3} refer to the return on equity for the previous three fiscal years, respectively. ROE = (Net Income before Preferred Dividends - Preferred Dividend Requirement) / Average of Last Year's and Current Year's Common Equity * 100

(b) Operating Profit Margin = Operating Income / Net Sales or Revenues * 100

(c) Net Gearing = (Total Debt – Cash) / (Asset – Liability)

Companies in the Japan Investable Universe will be ranked by each of the factors. The worst 5% among the companies in each factor in terms of ordinal ranking will then be screened out.

4.3 Valuation Screening

Valuation screening helps to identify relatively under-valued constituents in the Japan Investable Universe.

(a) Dividend Yield

All companies in the Japan Investable Universe will be ranked by trailing twelve month dividend yield in descending order. Those companies in the bottom 25% in terms of ordinal ranking will then be screened out.

(b) Forecast Price-to-Earnings

All the remaining companies (after all the above screenings) will then be sorted by consensus forecast forward one year price-to-earnings ratio[9] ("PE ratio") in ascending order. Those companies with negative forward PE ratios will be screened out. If forward one fiscal year end date is less than three months after the review date, then forward two year price-to-earnings ratio will be used in calculation instead.

4.4 Index Constituent Selection

(i) From the Japan Investable Universe, the companies passing through all the screenings above are ranked by PE ratio and the 35 companies with the lowest PE ratio are selected to be the constituents of the Index.

(ii) If the number of companies passing through all the screenings specified in Rules 4.1 to 4.3 is less than 35 stocks, the following rules will apply:

(a) If the number of companies is greater than 28 and less than 35, the Index will comprise less than 35 stocks until the next review.

(b) If the number of companies is less than or equal to 28, the contrarian screening criteria in Rule 4.1 will change such that companies in the Japan Investable Universe covered by more than 10 analysts in the forecast recommendation with a buy recommendation from over 90% of analysts will be screened out. The screening process in Rules 4.2 to 4.3 will continue to apply. Thereafter, if the number of companies passing through the screenings in Rules 4.1 to 4.3 remain less than or equal to 28, companies in the Japan Investable Universe covered by more than 10 analysts in the forecast recommendation with a buy recommendation from all analysts will be screened out.

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[9] The consensus forecast forward one year price-to-earnings ratio refers to the stock price as of the review date divided by the mean forecast earnings per share ("EPS") for the next fiscal year of a company. The mean forecast EPS is a consensus data collected by financial data vendors.

5.1 Bi-annual Review

Reviews will be conducted on a bi-annual basis in January and July, using data as at the last working day in December and June. For each review, the process of index construction is carried out as stated in Rules 3 and 4 above.

Any constituent changes will be implemented after the close of the index calculation on the third Friday of January and July. Constituent changes in periodic review will be published before the actual implementation through appropriate media.

5.2 Weighting Method

The 35 constituents in the Index are weighted by investable market capitalisation.

5.3 Capping

At the bi-annual review any constituents whose weights are greater than 5% are capped at 5% using prices adjusted for corporate actions as at the close of business on the second Friday in January and July. The weights of all lower ranking constituents are increased correspondingly. The weights of lower ranking constituents are then checked and if they exceed 5% they are also capped at 5%. This process is repeated until no constituent weight exceeds 5%. The capping is implemented after the close of business on the third Friday in January and July based on the constituents, shares in issue and free float on the next trading day following the third Friday of the review month.

5.4 Periodic Capping Review

In addition to the bi-annual reviews in January and July, there are capping reviews in March, June, September and December which will be in accordance with the review of free float and shares in issue undertaken by FTSE Global All Cap Index. If any constituent has resulted in a weighting above 10% of the Index (based on the close of business on the second Friday of March, June, September and December, taking into account the review undertaken by the FTSE Global All Cap Index), a full capping review of the Index will be implemented effective after the close of business on the third Friday of that month.

5.5 Intra Review Capping

When a new constituent has been added to the Index as the result of a corporate event, and the weight of this new addition is greater than 5% of the Index, the Index will be capped intra review. Any constituents whose weights are greater than 5% are capped at 5%. The weights of all lower ranking constituents are increased correspondingly. The weights of lower ranking constituents are then checked and if they exceed 5% they are also capped at 5%. This process is repeated until no constituent weight exceeds 5%.

5.6 Amendments to the Index Methodology

Any changes and exceptions to this methodology may only be made by FTSE and VPISL. Any material changes will be announced through appropriate media before implementation following necessary SFC approval (if required).

6. Index Algorithm and Calculation Method

The Index is calculated using the algorithm described below.

$$\frac{\sum_{n}\left(P_i * FX_i * S_i * F_i * C_i\right)}{D}$$

n	=	Number	The number of securities in the Index.
P	=	Price	The latest trade price of the constituent security i (or the price at the close of the Index on the previous day).
FX	=	Exchange Rate	The exchange rate required to convert the home pricing currency of the constituent security i into the Index's base currency i.e. Japanese Yen.
S	=	Shares in Issue	The number of shares in issue used by FTSE for security i, as defined in the Ground Rules.
F	=	Free Float Factor	The factor to be applied to each security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. The free float factor for each security is published by FTSE.
C	=	Capping Factor	The factor applied to each security to allow its weight within the index to be capped, expressed as a number between 0 and 1 where 1 represents 100%, i.e. no cap. The Capping Factor is calculated by FTSE.
D	=	Divisor	A figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the Index.
i	=	Index constituent	Any constituent security in the Index.

7. Top 10 Constituents

As at 25 April 2012, the 10 largest constituents of the Index, represented in excess of 47.07% of the total investible free float-adjusted market capitalisation, based on total shares in issue, of the Index, were as follows:

Rank	Constituent Name	Weighting
1.	Mitsubishi UFJ Financial	5.36%
2.	Sumitomo Mitsui Financial Group	5.29%
3.	KDDI Corp	5.28%
4.	Mitsubishi Corp	5.08%
5.	Toshiba Corp	4.87%
6.	Sumitomo Mitsui Trust Holdings	4.83%
7.	NTT Docomo	4.80%
8.	Sumitomo Electric	3.91%
9.	NTT	3.91%
10.	Aeon Co	3.73%

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of FTSE at www.ftse.com.

8. Index Provider Disclaimer

The Units are not in any way sponsored, endorsed, sold or promoted by FTSE, the London Stock Exchange Plc (the "Exchange"), The Financial Times Limited ("FT") or VPISL and neither FTSE nor the Exchange nor the FT nor VPISL make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE and designed by VPISL. However, neither FTSE nor Exchange nor FT nor VPISL shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor the Exchange nor the FT nor VPISL shall be under any obligation to advise any person of any error therein.

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