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

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

Investments involve risks, including the loss of principal. You are advised to consider your investment objectives and circumstances in determining the suitability of an investment in the Sub-Fund. An investment in the Sub-Fund may not be suitable for everyone.

SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.



Value Partners China A-Share Select Fund
Value Partners Asian Income Fund
Value Partners Asian Total Return Bond Fund
Value Partners Asian Innovation Opportunities Fund
Value Partners Asian Fixed Maturity Bond Fund 2022

(Sub-funds of Value Partners Fund Series (the “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)

(collectively, the “Sub-Funds”)

Notice to Unitholders

All capitalised terms in this notice shall have the same meaning as in the Explanatory Memorandum of the Sub-Funds dated November 2018 as amended from time to time, unless otherwise stated.

Dear Unitholders,

We, the Manager of the Sub-Funds, wish to inform you that the Explanatory Memorandum and Product Key Facts Statement of each Sub-Fund will be amended with effect from 1 January 2020

(the “Effective Date”) to reflect the following changes as a result of the updates to the SFC’s Code on Unit Trusts and Mutual Funds.

A. Background

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

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

B. Changes pursuant to the revised Code

The following key changes are made to the Trust Deed and/or the Explanatory Memorandum (where applicable) to reflect the Revised UT Code with effect from the Effective Date:

1. Trustee and Manager – additional obligations of the Trustee and the Manager under Chapters 4 and 5 respectively of the Revised UT Code.
2. Investment Restrictions: Core Requirements – amendments to the core requirements of the investment limitations and prohibitions under Chapter 7 of the Revised UT Code, including but not limited to amendments in relation to the following:
 - (a) the Sub-Funds may not invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;
 - (b) the maximum borrowing of each Sub-Fund will be reduced from 25% to 10% of its Net Asset Value; and
 - (c) the Manager shall not make any loans out of the assets of the Sub-Funds. Note that currently, the Manager may make loans out of the assets of the Sub-Funds with the prior written consent of the Trustee.
3. Restrictions on redemption – to adopt the flexibility accorded under the revised Code, with effect from the Effective Date, a redemption gate may be imposed by the Manager by reference to the total Net Asset Value of a Sub-Fund such that the Manager may limit the total number of Units of a Sub-Fund that may be redeemed on any Dealing Day (whether by purchase by the Manager or by cancellation) to 10%, or such other percentage as the Manager may determine either generally or in respect of any particular Dealing Day and as permitted by the SFC, of the total Net Asset Value of the relevant Sub-Fund on such Dealing Day. Note that currently the Manager may limit the number of Units of a Sub-Fund that may be redeemed on any Dealing Day to 10% of the total number of Units of all classes of such Sub-Fund in issue.

4. Other Amendments

- (a) Custody Arrangements – enhanced disclosures in the revised Explanatory Memorandum on summary of custody arrangements in respect of the Sub-Funds' assets.
- (b) Valuation policies – enhanced disclosures in the revised Explanatory Memorandum on summary of the valuation policies and procedures of the Sub-Funds.
- (c) Unclaimed monies – additional disclosure in the revised Explanatory Memorandum that any unclaimed proceeds or other cash held by the Trustee upon termination of any Sub-Funds or a class of units, as the case may be, may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.
- (d) Transactions with connected persons – amendments to reflect the requirements under the Revised UT Code on transactions with connected persons and soft dollars arrangements.
- (e) Financial derivative instruments – enhanced disclosures relating to the use of financial derivative instruments by the Sub-Funds (if permitted in the Explanatory Memorandum of the relevant Sub-Funds) for hedging or non-hedging purposes.
- (f) Securities financing transactions – enhanced disclosures relating to the policies of securities financing transactions (if such transactions are permitted as disclosed in the Appendix of the relevant Sub-Fund) including, criteria of counterparty, collateral requirements and custody/safekeeping arrangement of assets subject to these transactions. In addition, currently any incremental income earned from any securities lending arrangement may be split between the relevant Sub-Fund and any security lending agent in such proportion as the Manager may determine in each case, provided that the amount payable to any security lending agent should not exceed 30% of such incremental income. From the Effective Date onwards, all revenues arising from the securities lending transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities lending transactions will be returned to the relevant Sub-Fund.
- (g) Collateral policy – enhanced disclosures relating to the selection criteria, nature and policy of the collateral held by the Sub-Funds and description of the holdings of collateral including nature and quality of collateral, haircut policy, policies on re-investment of cash collateral, safekeeping arrangement and risks associated with collateral management.
- (h) Investments in debt instruments with loss-absorption features (“LAPs”) – in respect of Value Partners Asian Income Fund and Value Partners Asian Total Return Bond Fund, enhanced disclosures relating to the Sub-Funds' investments in LAPs and risks associated with investments in LAPs.
- (i) Performance fee calculation formula – in respect of Value Partners China A-Share Select Fund, clarificatory disclosures relating to the definition of “the relevant performance period” in the Explanatory Memorandum and the Product Key Facts Statement of the relevant Sub-Fund. For the avoidance of doubt, this change will not affect any existing class(es) of Units of the relevant Sub-Fund.

C. Miscellaneous Updates

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

- (a) in respect of Value Partners Asian Total Return Bond Fund, Value Partners Asian Innovation Opportunities Fund and Value Partners Asian Fixed Maturity Bond Fund 2022, clarification that no switching fee is currently imposed on any switching of Units from these Sub-Funds;
- (b) streamlining the disclosures in respect of subscription price and redemption price determination and adjustment;
- (c) updates to the disclosures relating to Stock Connect;
- (d) streamlining the definitions of fixed income securities rated below investment grade and “unrated” fixed income securities;
- (e) updates to the biographies of the directors of the Manager;
- (f) updates to disclosures relating to QFII/RQFII as a result of the removal of quota requirements under QFII/RQFII programme;
- (g) updates of taxation disclosures;
- (h) enhancement of risk factor regarding taxes;
- (i) clarificatory amendments to the valuation rules; and
- (j) other miscellaneous updates, drafting and editorial amendments.

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

D. Change in Registrar of the Trust and the Sub-Funds

Currently, HSBC Institutional Trust Services (Asia) Limited acts as the trustee, registrar, administrator and custodian of the Trust and the Sub-Funds. With effect from the Effective Date, HSBC Trustee (Cayman) Limited will replace HSBC Institutional Trust Services (Asia) Limited to be the registrar of the Trust and the Sub-Funds.

Corresponding changes will be made to the Explanatory Memorandum and Product Key Facts Statement of each Sub-Fund to reflect such change in registrar.

E. Implications of Changes

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

The amended and restated Trust Deed of the Trust and the updated Explanatory Memorandum (including the Product Key Facts Statement) of each Sub-Fund will be available from the Effective Date on the Manager’s website at www.valuepartners-group.com (this website has not been reviewed by the SFC), and at the Manager’s office, free of charge,

during normal business hours on any day (except on Saturdays, Sundays and public holidays) at 43rd Floor, The Center, 99 Queen's Road Central, Hong Kong.

If you have any queries concerning the above, please contact our Fund Investor Services team at (852) 2143 0688 during office hours which are from 9:00 a.m. to 6:00 p.m. or email us at FIS@vp.com.hk. We would like to take this opportunity to thank you for your valuable support and we look forward to being of continued service to you.

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

Value Partners Hong Kong Limited

29 November 2019