

Issuer: Value Partners Hong Kong Limited

April 2024

- This statement provides you with key information about the Value Partners Classic Fund (the “Fund”).
- This statement is a part of the offering document.
- You should not invest in this product based on this statement alone.

Quick facts

Manager: Value Partners Hong Kong Limited

Trustee and Custodian: HSBC Institutional Trust Services (Asia) Limited

Ongoing charges over a year[#]:

| | Exclusive of performance fees | Inclusive of performance fees |
|-------------------------|-------------------------------|-------------------------------|
| A Units | 1.00% ^β | 1.00% ^{β^A} |
| B Units | 1.51% ^β | 1.51% ^{β^A} |
| C Units USD | 1.51% ^β | 1.51% ^{β^A} |
| C Units MDis USD | 1.51% ^β | 1.51% ^{β^A} |
| C Units AUD Hedged | 1.51% ^β | 1.51% ^{β^A} |
| C Units CAD Hedged | 1.51% ^β | 1.51% ^{β^A} |
| C Units NZD Hedged | 1.51% ^β | 1.51% ^{β^A} |
| C Units RMB | 1.51% ^β | 1.51% ^{β^A} |
| C Units HKD Hedged | 1.51% ^β | 1.51% ^{β^A} |
| C Units MDis HKD | 1.51% ^β | 1.51% ^{β^A} |
| C Units RMB Hedged | 1.51% ^β | 1.51% ^{β^A} |
| C Units MDis RMB | 1.51% ^β | 1.51% ^{β^A} |
| C Units MDis RMB Hedged | 1.51% ^β | 1.51% ^{β^A} |

Dealing frequency:

A Units – Daily redemption (Hong Kong business days)

B Units – Daily redemption (Hong Kong business days)

C Units⁺ – Daily dealing (Hong Kong business days)

C Units – Hedged* – Daily dealing (Hong Kong business days)

Base currency: US dollars (US\$)

Dividend policy: For all classes of Units other than C Units MDis USD, C Units MDis HKD, C Units MDis RMB and C Units MDis RMB Hedged, it is the current intention of the Manager that distributions of income will not be made from the Fund.

C Units MDis USD, C Units MDis HKD, C Units MDis RMB and C Units MDis RMB Hedged: Subject to the Manager’s discretion, it is the current intention of the Manager that dividend, if declared, will be distributed monthly. Dividends may, at the discretion of the Manager, be paid out of capital of the relevant class of Units and may result in an immediate reduction of the net asset value per Unit of the Fund.

Minimum investment: For C Units and C Units – Hedged only: US\$10,000 (or its equivalent in the relevant class currency) initial, and US\$5,000 (or its equivalent in the relevant class currency) subsequent

Financial year-end of this Fund: 31 December

+ C Units include C Units RMB, C Units USD, C Units MDis HKD, C Units MDis RMB and C Units MDis USD.

* C Units – Hedged include C Units AUD Hedged, C Units CAD Hedged, C Units EUR Hedged, C Units GBP Hedged, C Units HKD Hedged, C Units NZD Hedged, C Units RMB Hedged, C Units SGD Hedged and C Units MDis RMB Hedged. C Units EUR Hedged, C Units GBP Hedged and C Units SGD Hedged, which have not been launched yet as at the date of this document, will be launched on a future date to be determined and notified by the Manager, with the prior approval of the Trustee.

The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the class of units for the corresponding period as described below. This figure may vary from year to year. The performance fees to be paid as at year end, where applicable, may vary subject to market conditions. Information is updated as at 27 March 2024.

^ No performance fee is payable for the year ended 31 December 2023.

β This figure is based on the expenses for the year ended 31 December 2023.

What is this product?

The Fund was originally a unit trust constituted under the laws of the Cayman Islands. With effect on and from 21 September 2015, the jurisdiction of the Fund was changed from the Cayman Islands to Hong Kong.

Objectives and Investment Strategy

Objectives

The investment objective of the Fund is to achieve consistent superior returns through an investment discipline that places emphasis on the fundamental value of potential investments. The Manager seeks to select stocks which it believes are being traded at deep discounts to their intrinsic values.

Strategy

The Fund will concentrate on investing in the markets of the Asia Pacific region. There are no fixed geographical or sectoral or industry weightings in the allocation of assets in the Fund. The Manager does not attempt to follow benchmark indices in determining the geographical, sectoral or industry weighting of the Fund. The Manager may make large investments in a relatively small number of stocks.

The Fund will invest at least 70% of its net asset value (“NAV”) in equity securities. The Fund may invest in equity securities issued by companies of any market size and in such proportions as the Manager deems appropriate. Equity securities that the Fund may invest in include but are not limited to listed equities, real estate investment trusts (“REITs”), and Exchange Traded Funds (“ETFs”). The Fund may invest less than 30% of its NAV in each of the following types of securities, namely REITs and ETFs, in accordance with the requirements under the SFC’s Code on Unit Trusts and Mutual Funds.

In addition to equity securities, the portfolio may from time to time include cash, deposits, short-term papers such as treasury bills, certificates of deposit, bankers’ acceptances, short-term commercial paper and other fixed income instruments. However, the Fund will not invest more than 10% of its NAV in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade. The Manager may invest up to 30% of the Fund’s NAV in collective investment schemes (including those managed or offered by the Manager, the investment delegates (if any) or any of their connected persons (as defined in the section headed “Conflicts of Interest” of the Explanatory Memorandum)) to the extent permitted by the SFC’s Code on Unit Trusts and Mutual Funds. The Manager may also place a substantial portion of the portfolio in cash or cash equivalents. Under exceptional circumstances (e.g. market crash or major crisis), the Fund may invest temporarily up to 100% in liquid assets such as deposits, treasury bills, certificates of deposit, short-term commercial papers for cash flow management. The Fund may also invest in futures, options, warrants, equity-linked notes and other financial instruments to the extent permitted by the SFC’s Code on Unit Trusts and Mutual Funds and the provisions set out under the section headed “Investment Restrictions” in the Explanatory Memorandum.

The Fund's exposure to A shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect, China A Shares Access Products and collective investment schemes (including those managed or offered by the Manager or its investment delegates (if any) or any of their connected persons) directly investing in A shares through qualified foreign institutional investors or Renminbi qualified foreign institutional investors is subject to a maximum exposure of 20% of the Fund's total NAV.

The aggregate exposure to investments in the Mainland China market such as A shares and B shares will not exceed 20% of the Fund's latest available NAV.

For the avoidance of doubt, the Fund will not in aggregate invest more than 20% of its non-cash assets in the Mainland China market.

The Fund will have limited exposure (i.e. less than 30% of its NAV) to investments denominated in RMB. Assets denominated in RMB are valued with reference to the CNH rate (see the risk factor below headed "Risks associated with RMB classes of units" for meaning of "CNH rate").

The Fund may also utilise financial derivative instruments ("FDIs") including but not limited to futures, options, swaps (including but not limited to credit and credit-default, equity, interest rate and inflation swaps), forward foreign currency contracts, participation notes, credit linked notes and any other financial derivative instruments, for hedging and/or investment purposes, subject to the limit that the Fund's net derivative exposure does not exceed 50% of its net asset value.

The aggregate value of the Fund's investments in, or exposure to, any single entity through (a) investments in securities issued by that entity; (b) exposure to that entity through underlying assets of FDIs; and (c) net counterparty exposure to that entity arising from transactions of over-the-counter FDIs will not exceed 10% of the total NAV of the Fund. The Fund does not use securitized and structured finance instruments such as collateralised debt obligations, mortgage-backed securities and asset-backed securities. Nor does the Fund currently intend to engage in sale and repurchase transactions and reverse repurchase transactions. However, the Fund may enter into securities lending transactions provided that the value of the securities to be loaned, together with the value of all other securities which are the subject of a loan by the Fund does not exceed 10% of its latest available NAV.

To the extent permitted by the SFC's Code on Unit Trusts and Mutual Funds and the provisions set out under the sub-section headed "Investment Restrictions" in the Explanatory Memorandum, the Fund may, should the Manager consider it to be in the interests of the unitholders, invest in financial futures contracts and write covered call options. However, the Manager would not ordinarily expect to utilize any of these investment techniques except to hedge against adverse political and economic developments and/or adverse movements in currency exchange rates or interest rates. For the avoidance of doubt, the Fund will not acquire any commodities and commodities related derivatives for investment purposes.

Investment in Derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's NAV.

What are the key risks?

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

1. Investment risk

- The Fund is an investment fund. The Fund's investment portfolio may fall in value due to any of the key risk factors below and you may lose a substantial proportion or all of your investment in the Fund. There is no guarantee of the repayment of principal.

2. Concentration risk

- The Fund's investments are concentrated in the Asia Pacific region and may be concentrated in specific sector or a small number of stocks. This may result in greater volatility than portfolios which comprise broad-based global investments.
- The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asia Pacific region.

3. Emerging markets risk

- Investing in emerging markets involves increased risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, policy, tax, economic, foreign exchange risks/control, liquidity, settlement, custody, legal and regulatory risk and the likelihood of a high degree of volatility.

4. Equity market risk

- The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

5. Risk associated with high volatility of the equity market in emerging markets

- High market volatility and potential settlement difficulties in emerging markets may also result in significant fluctuations in the prices of the securities traded in such markets and thereby may adversely affect the value of the Fund.

6. Risk associated with regulatory/exchanges requirements/policies of emerging markets

- Securities exchanges in emerging markets typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

7. Risks associated with small/mid-capitalisation companies

- The Fund may invest in stocks of small/mid-capitalisation companies which may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

8. Currency exchange risk

- The Fund is denominated in US dollars. Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. Also, a class of units may be designated in a currency other than the base currency of the Fund. The Fund's performance may be affected unfavourably by movements in the exchange rates between the currencies in which the assets are held and US dollars, and any changes in exchange control regulations which may cause difficulties in the repatriation of funds.

9. Performance fee risk

- The performance fee payable to the Manager may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee.
- There is no adjustment of equalisation credit or equalisation losses on an individual unitholder basis for the calculation of the performance fee. A unitholder redeeming units may still incur performance fee in respect of the units, even though a loss in investment capital has been suffered by the redeeming unitholder.
- In addition, performance fees may be paid on unrealised gains which may never be realised by the Fund.

10. Risks of investing in other collective investment schemes

- The underlying schemes in which the Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying schemes. There is also no guarantee that the underlying schemes will always have sufficient liquidity to meet the Fund's redemption requests as and when made.
- Investment decisions of the underlying schemes are made at the level of such schemes. There can be no assurance that (i) the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent; and (ii) the investment objective and strategy of the underlying schemes will be successfully achieved.

- Prospective investors should note that the Fund bears the fees payable to the Manager and its other service providers, as well as, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and the service providers of the underlying schemes.
- There may be potential conflicts of interest where the Fund invests in shares or units of a collective investment scheme managed by the Manager, the investment delegates (if any), or their respective connected persons. In the event of such conflicts, the Manager will endeavour to ensure that such conflicts are resolved fairly and all transactions between the Fund and any of them are on an arm's length basis.

11. Risks relating to currency hedging and the currency hedged classes (“Currency Hedged Classes”)

- The Manager may (but is not obliged to) enter into certain currency related transactions in order to hedge the currency exposure of the assets of the Fund attributable to a particular class into the class currency of the relevant class. Investors in the Currency Hedged Classes may have exposure to currencies other than the currency of that Currency Hedged Class. Investors should also be aware that the hedging strategy may substantially limit the benefits of any potential increase in value of a Currency Hedged Class expressed in the class currency, if the Currency Hedged Class' denominating currency falls against the base currency of the Fund.
- The precise hedging strategy applied to a particular Currency Hedged Class may vary. In addition, there is no guarantee that the desired hedging instruments will be available or hedging strategy will achieve its desired result. In such circumstances, investors of the Currency Hedged Class may still be subject to the currency exchange risk on an unhedged basis.
- If the counterparties of the instruments used for hedging purposes default, investors of the Currency Hedged Classes may be exposed to the currency exchange risk on an unhedged basis and may therefore suffer further losses.

12. Risks associated with RMB classes of units

- Investors may invest in C Units RMB, C Units RMB Hedged, C Units MDis RMB or C Units MDis RMB Hedged (“**RMB classes**”). It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and restrictions of the PRC government. The PRC government's policies on exchange control and repatriation restrictions are subject to change and the investors' investment in the RMB classes of units may be adversely affected.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of the RMB could adversely affect the investors' investments in the Fund.
- Although offshore RMB (“**CNH rate**”) and onshore CNY (“**CNY rate**”) are the same currency, they trade at different rates. Any divergence between the CNH rate and the CNY rate may adversely impact investors.
- Under exceptional circumstances, payment of redemption proceeds and/or distributions in RMB may be delayed due to exchange controls and restrictions applicable to RMB.

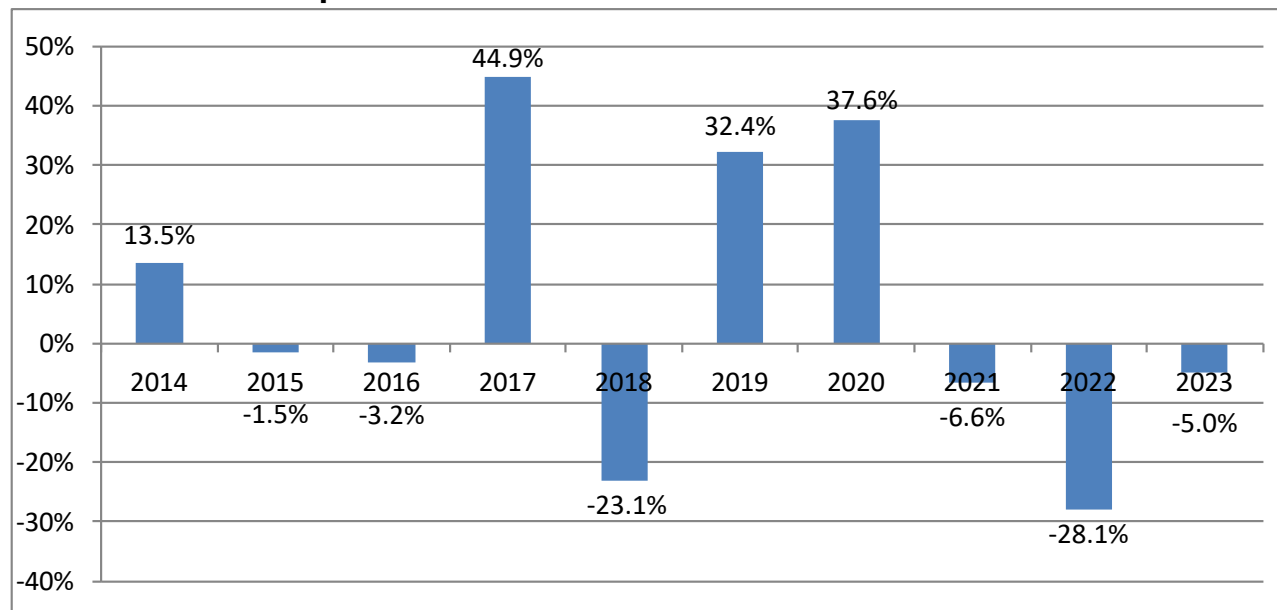
13. Payment of distributions out of capital risk

- Payment of dividends 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 investments. Any such distributions may result in an immediate reduction of the NAV per unit.

14. Risks associated with investments in FDIs

- Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/ component of a FDIs and adverse changes in the value or level of the underlying asset, rate or index can result in a loss significantly greater than the amount invested in the FDIs by the Fund. Exposure to FDIs may lead to a high risk of significant loss by the Fund.

How has the Fund performed?



Note:

- 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 dividend reinvested.
- The figures show by how much A Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in US\$ including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 1 April 1993
- A Units launch date: 1 April 1993
- A Units have the longest history and are broadly indicative of the Fund's performance characteristics. A Units are closed for subscription from 12 April 2002; existing and new investors may subscribe for C Units or C Units – Hedged. Please note that C Units or C Units – Hedged are subject to a higher management fee than A Units.

Is there any guarantee?

This 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 which may be payable by you

You may have to pay the following fees when dealing in the units of the Fund.

| Fee | What you pay |
|--|-------------------------------------|
| Subscription fee (Preliminary Charge) | Up to 5% of the subscription monies |
| Switching fee | Nil** |
| Redemption fee | Nil |

** Certain distributors may impose a charge for each switching of units in a class of the Fund acquired through them for units in another class of the Fund, which will be deducted at the time of the switching and paid to the relevant distributors. Unitholders who intend to switch their units in one class to units in another class should check with their respective distributors for the charge on switching.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

| | Annual rate (as a % of the Fund's NAV) |
|---|--|
| Management fee* | A Units – 0.75% B Units – 1.25% C Units and C Units – Hedged – 1.25% |
| Trustee fees (including fees of the Custodian) | First US\$150 million of the Fund's NAV.....0.15%* Next US\$150 million of the Fund's NAV.....0.13% Thereafter.....0.11% The trustee fees are subject to a monthly minimum of US\$4,500. |
| Registrar fees | Up to 0.03% per annum of the Fund's NAV |
| Performance fee | 15% of the outperformance in the NAV per unit (before deduction of any provision for the performance fee including any distribution which has been declared or paid during the relevant performance period(s) since the last performance fee is crystallised and paid) during a performance period above the high water mark per unit. <ul style="list-style-type: none"> • Outperformance means the amount by which the increase in NAV per unit during the relevant performance period exceeds the high water mark. • The high water mark is the higher of (i) the initial offer price and (ii) the NAV per unit as at the end of performance period in respect of which a performance fee was last paid. • Each performance period corresponds to the financial year of the Fund. • Where a performance fee is payable to the Manager for a performance period, the NAV per unit (after deduction of performance fee and any distribution declared or paid in respect of that preceding performance period) on the last valuation day of that performance period will be set as the high water mark for the next performance period. • Performance fee accrues on each valuation day if the NAV per unit exceeds the high water mark. On each valuation day, the performance fee accrual made (if any) on the previous valuation day will be reversed and a new performance fee accrual will be calculated. If the NAV per unit is lower than or equal to the high water mark, any performance fee accrual will be reversed and no performance fee will be accrued. • The performance fees for A Units and B Units are calculated on an aggregate basis and are apportioned between A Units and B Units proportionately. • The performance fees for C Units and C Units – Hedged are calculated in respect of each class of units in the Fund. • For details and illustrative examples of the performance fee calculation, please refer to the section headed "Performance Fee" in the Fund's Explanatory Memorandum. |

Other fees

You may have to pay other fees when dealing in the units of the Fund.

- * *Please note that some fees may be increased up to a specified permitted maximum on giving unitholders at least one month's prior notice. Please refer to the section of the offering document entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees, as well as other ongoing expenses that may be borne by the Fund.*

Additional Information

- You generally buy and redeem units at the Fund's next-determined NAV after the administrator receives your request, directly or via a distributor, in good order at or before 5:00 p.m. (Hong Kong time), being the Fund's dealing cut-off time on each dealing day of the Fund. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Fund's dealing cut-off time).
- The NAV of the Fund is calculated and the price of units is published each business day on the Manager's website www.valuepartners-group.com*. Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from the website of the Manager at www.valuepartners-group.com*.
- Where dividends comprise amounts from both income and capital, the composition of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) (if any) for the last 12 months is available by the Manager on request and also on the Manager's website at www.valuepartners-group.com*.
- Investors may obtain information on the distributor(s) appointed in respect of the Fund by making a telephone enquiry with the Manager on (852) 2143 0688.

- * *This website has not been reviewed or authorised by the SFC.*

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.