

Issuer: Value Partners Limited

April 2024

- This statement provides you with key information about the Value Partners China Greenchip Fund Limited (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 Limited

Administrator: HSBC Trustee (Cayman) Limited

Custodian: HSBC Institutional Trust Services (Asia) Limited

Ongoing charges over a year[#]:

	Exclusive of performance fees	Inclusive of performance fees
Class A Shares	1.83% ^β	1.83% ^{β^α}
Class A2 QDis Shares	1.83% ^β	1.83% ^{β^α}
Class A USD Shares	1.83% ^β	1.83% ^{β^α}
Class A AUD Hedged Shares	1.83% ^β	1.83% ^{β^α}
Class A CAD Hedged Shares	1.83% ^β	1.83% ^{β^α}
Class A NZD Hedged Shares	1.83% ^β	1.83% ^{β^α}

Dealing frequency: Daily dealing (Hong Kong business days)

Base currency: Hong Kong dollars (HK\$)

Dividend policy: Class A2 QDis Shares: It is the current intention of the Manager that dividend, if declared, will be distributed quarterly. Dividends may be paid out of the Capital (as defined below) and may result in an immediate reduction of the net asset value (“**Net Asset Value**”) per Share of this Class A2 QDis Shares (“**Distribution Class**”).

For all other classes of shares: It is the current intention of the Manager that distributions of income will not be made from the Fund.

Minimum investment:

Redeemable Class A Shares and Class A2 QDis Shares
HK\$80,000 initial, and HK\$40,000 subsequent

Class A USD Shares

HK\$80,000 (or its equivalent in the relevant class currency) initial, and HK\$40,000 (or its equivalent in the relevant class currency) subsequent

Class A AUD Hedged Shares

HK\$80,000 (or its equivalent in the relevant class currency) initial, and HK\$40,000 (or its equivalent in the relevant class currency) subsequent

Class A CAD Hedged Shares

HK\$80,000 (or its equivalent in the relevant class currency) initial, and HK\$40,000 (or its equivalent in the relevant class currency) subsequent

Class A NZD Hedged Shares

HK\$80,000 (or its equivalent in the relevant class currency) initial, and HK\$40,000 (or its equivalent in the relevant class currency) subsequent

Financial year end of this fund: 31 December

- # *The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the class of shares 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 is an open-ended mutual fund corporation registered under the laws of the Cayman Islands.

Objectives and Investment Strategy

Objectives

The Fund aims to achieve medium-term capital growth by means of investing primarily (i.e. not less than 70% of the Fund's Net Asset Value) in companies established in Greater China or which derive a majority of their revenue from business related to Greater China, whether in the form of direct investment in, or trade with, Greater China. This includes companies incorporated and/or listed outside Greater China.

Strategy

A substantial portion of investment is made in listed and unlisted companies related to Greater China, which includes the People's Republic of China ("**PRC**"), Taiwan and Hong Kong. Investment is mainly made in the form of equity or debt related securities.

The Fund seeks to invest primarily (i.e. not less than 70% of the Fund's Net Asset Value) in equities of companies that are listed, or have their registered offices in Greater China or that generate a predominant share of their sales and/or their profits in Greater China. When investing the assets of the Fund, the Manager does not intend to have an investment focus in terms of sector or industry. The Fund seeks to explore investment opportunities in growing emerging industries with a focus on high-quality listed companies in emerging industries as well as listed companies in traditional industries that the Manager believes have new impetus for growth. The focus on emerging industries means the Fund may have a substantial part of its equity holdings in companies with small to mid market capitalisation. The Manager typically performs its own investment research, including but not limited to frequent company visits, and focuses on companies that may not attract research coverage by major international institutional investors.

The investments are intended to be held for medium to long-term capital appreciation.

The Fund may have direct exposure to certain eligible China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively the "**Stock Connects**").

The Fund may also seek indirect exposure to China A Shares in the PRC through:

- China A Shares Access Products ("**CAAPs**"), such as participatory notes, being listed or unlisted derivative instruments issued by a third party ("**CAAP Issuer**") which represents an obligation of the CAAP Issuer to pay to the Fund an economic return equivalent to holding the underlying China A Shares; and/or
- Collective investment schemes (including those managed or offered by the Manager or its Connected Persons and those that are listed, unlisted, SFC authorised* or SFC unauthorised) directly investing in China A Shares through QFIs or RQFIs, to the extent permitted by the Code on Unit Trusts and Mutual Funds ("**A Shares CIS**").

The investment in China A Shares through the Stock Connects, CAAPs and A Shares CIS is subject to a maximum exposure of 30% of the Fund's latest available Net Asset Value and not more than 10% of the Fund's latest available Net Asset Value may be invested in CAAPs issued by any single CAAP Issuer.

The Fund does not currently have direct access to China A Shares through QFIs or RQFIs.

The Fund may invest up to 35% of the Fund's latest available Net Asset Value in China B Shares.

Assets of the Fund denominated in RMB are valued with reference to the CNH rate. Under the current regulations, the rate at which RMB may be exchanged outside the PRC (in the case of Hong Kong, the “CNH” rate) may be different from the exchange rate within the PRC (the “CNY” rate). Please refer to the offering document for details.

The Fund may also, on an ancillary basis (i.e. less than 30% of its Net Asset Value), invest in futures contracts, options, depository receipts, warrants, units in any unit trust or shares in any mutual fund corporation or any other collective investment scheme (including those offered by the Manager or its Connected Persons) to the extent permitted by the Code on Unit Trusts and Mutual Funds. For the purposes of hedging market and currency risks, the Fund may invest in index and currency swaps. The Fund may invest less than 30% of its Net Asset Value in debt related securities. Under exceptional circumstances (e.g. market crash or major crisis), the Fund may be invested temporarily up to 100% in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

Currently, the Fund only engages in securities lending transactions and does not engage in sale and repurchase transactions and reverse repurchase transactions.

* *The SFC’s authorisation is not a recommendation or endorsement of a collective investment scheme nor does it guarantee the commercial merits of such collective investment scheme or its performance. It does not mean the collective investment scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or classes of investors.*

Use of Derivatives / investment in derivatives

The Fund’s net derivative exposure may be up to 50% of the Fund’s latest available Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. Investment risk

- The Fund is an investment fund. There is no guarantee of the repayment of principal. The Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses.

2. Risks associated with small-capitalization / mid-capitalization companies

- The Fund may invest in small and medium sized companies which are less well-established or in their early stages of development. The stock of small-capitalization/ mid-capitalization companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general.

3. 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.

4. Risk of investing in China

- The Fund invests in the PRC market and China-related companies which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/ control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

5. Geographical concentration risk

- The Fund’s investments are concentrated in Greater China-related companies. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of 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 Greater China market.

6. Risks relating to China A Shares Market

- Stock exchanges in the PRC on which China A Shares are traded are at a developing stage and the market capitalization and trading volume are much lower than those in more developed financial markets.
- The China A Shares market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention. For further details, please see risk factor “Liquidity Risk of Investing in China A Shares and China B Shares” below). Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators in the PRC may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.
- High market volatility and potential settlement difficulties in the China A Shares markets may result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund.

7. Risks associated with Stock Connects

- The relevant rules and regulations on the Stock Connects are subject to change, which may have potential retrospective effect. The Stock Connects are subject to quota limitations which may restrict the Fund’s ability to invest in China A Shares through the Stock Connects on a timely basis and as a result, the Fund’s ability to access the China A Shares markets (and hence to pursue its investment strategy) will be adversely affected. Where a suspension in the trading through the Stock Connects is effected, the Fund’s ability to invest in China A Shares or access the PRC stock markets will be adversely affected. In such event, the Fund’s ability to achieve its investment objective could be negatively affected. Please refer to the section “**Risks associated with Stock Connects**” in the Explanatory Memorandum for further information.

8. Risks associated with CAAPs

- The current policy and regulations imposed by the PRC government on the access into the China A Shares by foreign institutional investors via investment quota are subject to change. If any CAAP Issuer has insufficient investment quota (if applicable), the CAAP Issuer may cease to extend the duration of any CAAPs or to issue further CAAPs and the Fund may be required to dispose of its existing CAAPs. Shareholders should note that there can be no assurance that the Fund may be able to maintain or obtain a sufficient investment in CAAPs. This may have an impact on the Shareholders’ investment in the Fund.
- The Fund will be exposed to the counterparty risk associated with each CAAP Issuer. The Fund may suffer losses potentially equal to the full value of the CAAP if the CAAP Issuer were to become insolvent or fails to perform its payment obligations under the CAAPs.

9. Risks associated with investment in derivative instruments

- Risks associated with derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative instrument can result in a loss significantly greater than the amount invested in the derivative instrument by the Fund. Exposure to derivative instruments may lead to a high risk of significant loss by the Fund.

10. Risks relating to investment in other collective investment schemes

- Investment decisions of the underlying schemes are made at the level of such schemes. The Fund does not have control of the investments of the underlying schemes. There is 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 which may have a negative impact to the Net Asset Value of the Fund. The Fund will also be subject to the risks associated with the underlying 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.

11. Risks associated with investments/ exposure to RMB currency

- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency (e.g. HK dollars) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund. Although CNH and CNY are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

12. PRC tax risk

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via QFII or RQFII quota (if applicable) or the Stock Connects or access products on the Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.
- Any shortfall between the provision and the actual tax liabilities, which will be debited from the Fund's assets, will adversely affect the Fund's Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/ or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).
- Having consulted professional and independent tax adviser, (i) the Manager will not make provisions for any withholding income tax payable by the Fund on gross realised and unrealised capital gains on trading from China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers; (ii) the Manager will not make any tax provision on gross realised and unrealised capital gains derived from indirect China A Shares investments through CAAPs and A Shares CIS from 17 November 2014 onwards; and (iii) no provision for gross realised or unrealised capital gains derived from trading of China A Shares via the Stock Connects is made by the Manager on behalf of the Fund. The implication of this is that if the Fund is liable to pay such withholding and other taxes, this may result in an unfavourable impact on the Net Asset Value of the Fund.

13. Liquidity risk of investing in China A Shares and China B Shares

- China A Shares and China B Shares may be subject to trading bands which restrict increases and decreases in the trading price. The Fund if investing through the Stock Connects, CAAP Issuers and A Shares CIS will be prevented from trading China A Shares when they hit the "trading band limit". If this happens on a particular trading day, the Fund, CAAP Issuers and A Shares CIS may be unable to trade China A Shares. When the Manager trades China B Shares for the account of the Fund, the Manager may also be unable to trade China B Shares due to the "trading band limit". As a result, the liquidity of the CAAPs, China A Shares, A Shares CIS and China B Shares may be adversely affected which in turn may affect the value of the Fund's investments.

14. Currency exchange risk

- The Fund is denominated in Hong Kong dollars. Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. Also, a class of shares may be designated in a currency other than the base currency of the Fund. The Net Asset Value of the Fund may be affected unfavorably by fluctuations in the exchange rates between the currencies in which the assets are held and Hong Kong dollars, and any changes in exchange rate control and exchange control regulations which may cause difficulties in the repatriation of funds.

15. Performance fee risk

- Performance fees may encourage the Manager of the Fund to make riskier investments than would be the case in the absence of a performance-based incentive system.
- Given there is no equalization arrangement for the calculation of the performance fee, a redeeming shareholder may still incur a performance fee in respect of his investments, even though he has suffered a loss of investment capital.
- In addition, performance fees may be paid on unrealized gains which may never be realized by the Fund.

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

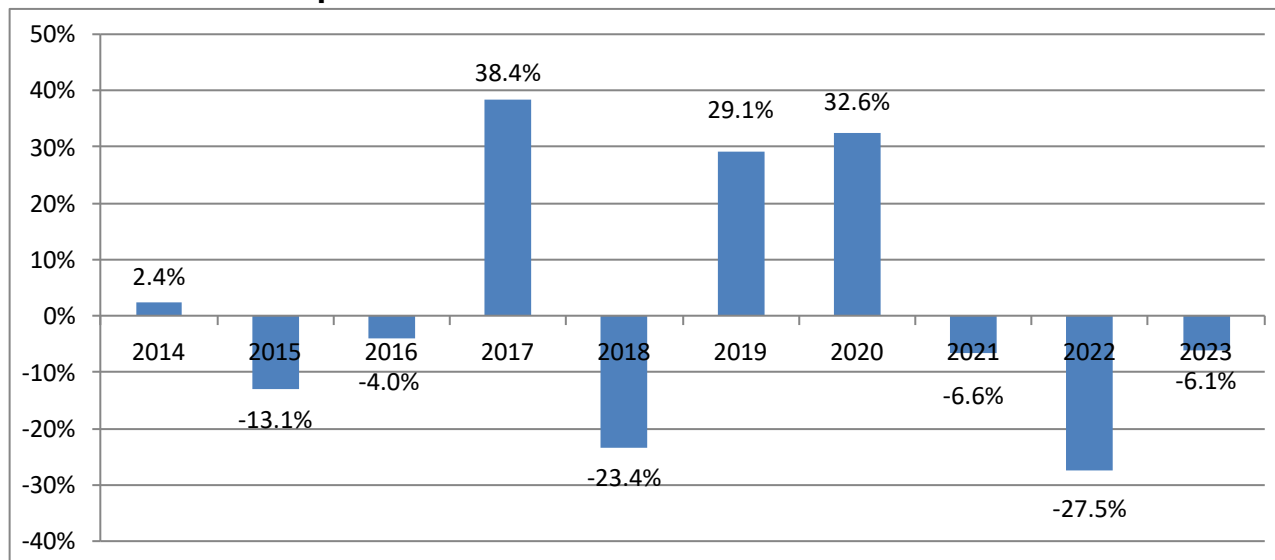
- The Manager may (but is not obliged to) enter into currency related transactions to hedge the currency exposure of the assets of the Fund into the class currency of the relevant class. Investors should be aware that the hedging strategy may substantially limit the benefits of any potential increase 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.
- There is no guarantee that the desired hedging instruments will be available or hedging strategy will achieve its desired result. In addition, the counterparties of the instruments used for hedging purposes may default. In such circumstances, investors of the Currency Hedged Class may still be subject to the currency exchange risk on an unhedged basis and suffer further losses.

17. Distribution risk

- The Manager intends to distribute income (net of expenses) attributable to each Distribution Class in respect of each accounting period. However, there is no assurance on such distribution being made or the distribution rate or dividend yield.

18. Payment of distributions out of capital risk

- Where the income generated by the Fund is insufficient to pay distribution as the Fund declares, the Manager may at its discretion determine such dividends be paid from unrealised capital gains or other unrealised profits during the relevant financial year, undistributed net income and undistributed net realised capital gains or profits of the Fund brought forward from previous financial years and the share premium account of the Fund (“**Capital**”) of the Fund.
- Investors should note that the payment of distributions out of Capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to that original investment, as a result, the capital that the Fund has available for investment in the future and capital growth may be reduced. Such distributions may result in an immediate reduction of the Net Asset Value per share of the Distribution Class. Also, a high distribution yield does not imply a positive or high return on the total investment.

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 Class A increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 8 April 2002
- Class A launch date: 27 March 2007
- With effect from January 2021, Class A is selected as the representative share class for the above performance presentation as Class N has been fully repurchased and closed for subscription.
- The Manager views Class A as the most appropriate representative share class as Class A has the longest history amongst the available share classes of the Fund.

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 shares of the Fund.

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

* *Certain distributors may impose a charge for each switching of Shares acquired through them for Shares in another class, which will be deducted at the time of the switching and paid to the relevant distributor.*

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 Net Asset Value)
Management fee	1.5%*
Custodian and Administrator fees	First HK\$1,170 million of the Fund's Net Asset Value.....0.135%*
	Next HK\$5,070 million of the Fund's Net Asset Value.....0.13%
	Portion on top of HK\$6,240 million.....0.125%
	The custodian and administrator fees are subject to a monthly minimum of HK\$35,000.
Performance fee	15% of the appreciation in the Net Asset Value per share (before the deduction of any provision for the performance fee and 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 watermark per share. <ul style="list-style-type: none"> • The high watermark was initially set at HK\$10.00 (for Redeemable Class A Shares) or the initial issue price (for other classes of shares).

- 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 Net Asset Value per share (after deduction of performance fee and any distribution which has been declared or paid) on the last valuation day of that performance period will be set as the high watermark for the next performance period.
- For details please refer to the section headed “Management and performance fees” in the Fund’s Explanatory Memorandum.

Other fees

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

* *Please note that some fees may be increased up to a specified permitted maximum on giving shareholders at least one month’s prior notice. Please refer to the section of the Explanatory Memorandum 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 shares at the Fund’s next-determined Net Asset Value after the Administrator’s Agent receives your request, directly or via a distributor, in good order at or before 5:00p.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 Net Asset Value of the Fund is calculated on each valuation day and the price of shares is published online at www.valuepartners-group.com. This website has not been reviewed or authorized by the SFC.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from www.valuepartners-group.com. This website has not been reviewed or authorized by the SFC.
- 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.
- 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 www.valuepartners-group.com. This website has not been reviewed or authorized 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.