

Issuer: Value Partners Hong Kong Limited

April 2024

- This statement provides you with key information about the Value Partners Greater China High Yield Income 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

Administrator: HSBC Trustee (Cayman) Limited

Custodian: HSBC Institutional Trust Services (Asia) Limited

Ongoing charges over a year[#]:

Class A AUD Hedged MDis Shares	1.84% ^B
Class A CAD Hedged MDis Shares	1.84% ^B
Class A EUR Hedged Acc Shares	1.87% ^B
Class A EUR Hedged MDis Shares	1.84% ^B
Class A GBP Hedged MDis Shares	1.84% ^B
Class A NZD Hedged MDis Shares	1.84% ^B
Class A RMB Acc Shares	1.85% ^{##}
Class A RMB Hedged Acc Shares	1.85% ^B
Class A RMB MDis Shares	1.85% ^B
Class A RMB Hedged MDis Shares	1.83% ^B
Class P USD Acc Shares	1.84% ^B
Class P USD MDis Shares	1.84% ^B
Class P HKD Acc Shares	1.84% ^B
Class P HKD MDis Shares	1.84% ^B
Class P SGD Hedged MDis Shares	1.84% ^B

Dealing frequency: Daily (each day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for general business)

Base currency: US dollars (US\$)

Dividend policy: *Class A AUD Hedged MDis Shares, Class A CAD Hedged MDis Shares, Class A EUR Hedged MDis Shares, Class A GBP Hedged MDis Shares, Class A NZD Hedged MDis Shares, Class A RMB MDis Shares, Class A RMB Hedged MDis Shares, Class P USD MDis Shares, Class P HKD MDis Shares and Class P SGD Hedged MDis Shares:* Declared monthly on a discretionary basis and dividends, if declared, will be paid monthly. Dividends may be paid out of the capital of the relevant Class and may result in an immediate reduction of the net asset value (“**Net Asset Value**”) per Participating Share of the Fund.

Class A EUR Hedged Acc Shares, Class A RMB Acc Shares, Class A RMB Hedged Acc Shares, Class P USD Acc Shares and Class P HKD Acc Shares: No dividends will be paid on these Classes and the Fund’s income and capital gains attributable to these Classes will be reinvested.

Minimum investment:

For Class A AUD Hedged MDis Shares, Class A CAD Hedged MDis Shares, Class A EUR Hedged Acc Shares, Class A EUR Hedged MDis Shares, Class A GBP Hedged MDis Shares, Class A NZD Hedged MDis Shares, Class A RMB Acc Shares, Class A RMB Hedged Acc Shares, Class A RMB MDis Shares and Class A RMB Hedged MDis Shares:

- (i) AUD, CAD, EUR, GBP, NZD: US\$10,000 initial, and US\$5,000 subsequent or their equivalent amount in the relevant currency
- (ii) RMB: RMB60,000 initial, and RMB30,000 subsequent
- (iii) HKD: HK\$80,000 initial, and HK\$40,000 subsequent

For Class P USD Acc Shares, Class P USD MDis Shares, Class P HKD Acc Shares, Class P HKD MDis Shares, and Class P SGD Hedged MDis Shares:

- (i) USD, SGD: US\$10,000 initial and US\$5,000 subsequent or their equivalent amount in SGD
- (ii) HKD: HK\$80,000 initial and HK\$40,000 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. Information is updated as at 27 March 2024.

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

As this class of shares was fully redeemed and has not yet re-launched as at 27 March 2024, the ongoing charges figure for this class is an estimate only and is based on the ongoing charge figure of Class A RMB Hedged Acc Shares for the relevant financial period. The actual ongoing charges figure may be different from the estimate and may vary from year to year.

What is this product?

The Fund is a single fund which is an open-ended mutual fund corporation registered under the laws of the Cayman Islands.

Objective and Investment Strategy**Investment Objective**

The Fund aims to provide capital appreciation for investors. In addition, in respect of the Distribution Classes, the Fund also intends to pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes. Please note that there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout.

Investment Policies*Debt securities in general*

The Fund aims to achieve its investment objective by investing not less than 70% of its Net Asset Value in a portfolio of debt securities issued by or fully guaranteed by (i) listed or unlisted corporations which have their main operations (or majority of assets) in, or have their majority of their income derived from Greater China (comprising the People's Republic of China ("PRC"), Hong Kong, Macau and Taiwan), and (ii) governments and/or government related entities in Greater China; and where the Manager believes such debt securities are being traded at significant discount to their underlying intrinsic values. For the avoidance of doubt, the issuers of the debt securities who have a majority of their income derived from Greater China as mentioned in (i) above may be based in or outside Greater China.

Selection of debt securities for investment by the Fund will be based on the creditworthiness of the issuer (and the parent company or associated company guarantor, in the case of debt securities issued by a special purpose vehicle (“**SPVs**”) which is fully guaranteed by the parent company or associated company) by forecasting the issuer’s (and/or parent company or associated company guarantor’s) credit profile by at least 2 years with a primary focus on the issuer’s (and or parent company or associated company guarantor’s) corporate profile, corporate strategy, forecasted cash flow and financial profile. Investment analysis will also take into account the leverage, liquidity, management and business of the issuer (and the parent company or associated company guarantor, in the case of debt securities issued by a SPV which is fully guaranteed by the parent company or associated company).

The debt securities in which the Fund may invest shall include, but are not limited to, convertible and non-convertible debt securities, fixed and floating rate bonds and high-yield bonds. Such debt securities (or the issuers of such debt securities) are across all ratings and thus, such debt securities (or the issuers of such debt securities) may be rated or unrated or rated below investment grade credit rating, such as below Moody’s “Baa3” or below Standard & Poor’s “BBB-”. Also, the Fund may invest significantly in below investment grade debt securities. The Fund however, will not invest more than 10% of its Net Asset Value in debt securities issued or guaranteed by any single country with a credit rating below investment grade. For the avoidance of doubt, a “single country” shall include a country, its government, a public or local authority or nationalized industry of that country. Also, the debt securities in which the Fund may invest are mainly denominated in USD.

The Manager will invest in a broadly diversified portfolio of debt securities with no fixed duration, term structure or industry sector weightings in the allocation of assets in Greater China. Selection of investments will be determined by the availability of attractive investment opportunities.

RMB denominated debt securities issued outside the PRC

The Fund may also invest up to 30% of its latest Net Asset Value in Renminbi (“**RMB**”) denominated debt securities issued outside the PRC including RMB denominated debt securities with settlements, coupon payments and principal repayments paid in another currency based on prevailing foreign exchange rates against the RMB. The Fund may invest up to 15% of its latest Net Asset Value in Synthetic RMB Debt Securities, being offshore debt securities denominated in RMB but settled in other currencies.

Debt securities issued by SPVs

The Fund’s investment in subordinated debt securities issued by SPVs will not exceed 15% of its latest Net Asset Value. Currently, the Fund intends to invest only in debt securities issued by SPVs which are fully, unconditionally and irrevocably guaranteed by its parent company or associated company. Such parent company or associated company will be of substance and is not a SPV itself.

Instruments with loss-absorption features

The Fund may invest less than 30% of its Net Asset Value in instruments with loss-absorption features (“**LAPs**”) such as contingent convertible bonds issued by financial institutions, non-preferred senior debt instruments, certain Additional Tier 1 and Tier 2 capital instruments, and external loss-absorbing capacity debt instruments. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

Equity securities

The Fund may invest in equity securities and may invest up to 10% of the Fund’s latest Net Asset Value in China B-Shares. Currently, the Fund does not intend to invest either directly or indirectly in China A-Shares. Prior approval of the SFC will be sought and not less than one month’s prior notice will be given to the Shareholders in the event the Manager wishes to change the investment policy in relation to China A-Shares and China B-Shares as aforesaid. In such circumstance, the Explanatory Memorandum and the Product Key Facts Statement will be updated to reflect such change as soon as reasonably practicable.

Financial derivative instruments and other investments

The Fund currently may use financial derivative instruments (such as futures contracts, options and warrants) for hedging and investment purposes. The Fund may invest in index and currency swaps and currency forwards (which are normally traded over-the-counter) for hedging purposes only.

Currently, the Fund does not intend to (i) invest in structured products and mortgaged-backed securities; and (ii) engage in securities lending transactions, sale and repurchase transactions and reverse repurchase transactions. The Fund also does not intend to engage in any over-the counter transactions other than index and currency swaps and currency forwards. If required under the Code, prior approval of the SFC will be sought and not less than one month's prior notice will be given to the shareholders in the event the Manager wishes to invest in the aforesaid instruments or engage in any of the aforesaid transactions. In such circumstance, the Explanatory Memorandum and the Product Key Facts Statement will be updated to reflect such change as soon as reasonably practicable.

Subject to the above investment strategy and the investment restrictions as set out in the Explanatory Memorandum, the Fund may also invest in commodity-based investments, depository receipts, currencies and interest rates instruments. Currently, the Fund does not intend to invest more than 10% of its latest Net Asset Value in such instruments. The Fund may invest up to 20% of its latest Net Asset Value in units in any unit trust or shares in any mutual fund corporation or any other collective investment scheme (including those managed by the Manager or its connected persons).

The Fund's portfolio may also temporarily include cash and cash equivalents, up to 100% of its latest Net Asset Value, under exceptional circumstances (such as in the event of market crashes, major crisis or to mitigate the risk of potential sharp reversals and falls in the equity or bond markets) for cash flow management or for reducing market exposure.

The aggregate value of the Fund's investments in securities issued by a single entity (other than a collective investment scheme) may not exceed 10% of its latest Net Asset Value provided that the total Net Asset Value of securities (other than units in any unit trust or shares in any mutual fund corporation or any other collective investment scheme (including those managed by the Manager or its connected persons)) held in the issuing entities in each of which it invests more than 5% of its Net Asset Value is less than 40% of its latest Net Asset Value.

Use of Derivatives / Investment in Derivatives

The Fund's net derivative exposure may be up to 50% of its 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'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. The income of the Fund and its Net Asset Value may be adversely affected. There is no guarantee of the repayment of principal.

2. Interest rates risks

- Investment in the Fund is subject to interest rates risks. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

3. Debt securities issued by SPVs

- Investments in debt securities issued by SPVs may expose the Fund to additional risks such as the credit/ default risk of both the SPV and the parent company or associated company (see "**Credit risk**" below) and risks relating to the enforceability of the guarantee issued by the parent company or associated company of such SPV.
- If the parent company or associated company defaults in any of its other debt obligations, this may trigger a cross-default which may then affect the ability of the parent company or associated company to meet its obligations under the guarantee. This may adversely affect the value of the debt securities issued by the SPV and guaranteed by its parent company or associated company.
- Investments in debt securities of a subordinated nature issued by SPVs will have a lower priority of claim in the event of the relevant issuer's liquidation or bankruptcy as they rank behind holders of unsubordinated debt securities but before holders of equity securities. The Fund is therefore exposed to higher credit / insolvency risk of its counterparties as a holder of subordinated debt securities than as a holder of unsubordinated debt securities.

4. Credit risk

- The Fund is exposed to the credit or default risk of issuers of bonds or other debt securities that the Fund invests in. The issuers of such instruments may incur difficulties in making full and timely repayments of principal and interest, which may lead to a default and, ultimately, a fall in the value of the Fund. Some of the debt securities are offered on an unsecured basis without collateral. As a result, if the issuer becomes bankrupt, the Fund will become an unsecured creditor of such issuers.

5. Unrated or below investment grade and high yielding debt securities risk

- The Fund may significantly invest in high yielding securities which (or the issuers of which) may be unrated or rated below investment grade. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

6. Credit rating downgrading risk

- The credit rating of a debt instrument or its issuer may subsequently be downgraded. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the securities and/or issuers at all times. In the event of such downgrading, the value of the Fund may be adversely affected. The Manager may or may not dispose of the securities that are being downgraded.

7. Sovereign debt risk

- The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/ or interest when due or may request the Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.

8. Valuation risk

- Valuation of the Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Fund.

9. Liquidity of Investment Portfolio

- The debt securities in the Greater China region may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.
- The debt securities in which the Fund invests (including debt securities issued by SPVs) may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the debt securities are listed, the market for such securities may be inactive and the trading volume may be low. If sizeable redemption requests are received, the Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Fund may suffer losses in trading such securities.

10. RMB denominated debt securities risks

- 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 currencies will not depreciate. Any depreciation of the RMB could adversely affect the investors' investments in the Fund. Although offshore RMB ("CNH") and onshore CNY ("CNY") are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- As the quantity of RMB denominated debt securities issued outside the PRC that are available to the Fund is currently limited, the Fund may not have exposure to RMB denominated debt securities as it intended.
- The "Dim Sum" bond (i.e. bonds issued outside of the PRC but denominated in RMB) market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of the Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

- 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.

11. Risk relating to dividends paid out of capital

- The Manager may at its discretion pay dividend out of the capital of the Fund. In respect of the Distribution Classes, investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of their original investment or from any capital gains attributable to the original investment. Any such distributions will generally result in an immediate reduction of the Net Asset Value per Participating Share of the Fund.
- The distribution amount and Net Asset Value of the hedged share classes may be adversely affected by differences in the interest rates of the reference currency of the hedged share classes and the Fund's base currency (i.e. US dollars), resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged classes.
- The Manager may amend this policy subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

12. Dividend risk

- For the Distribution Classes, the Manager may determine if, and to what extent, dividends may be paid out of capital where the income/capital gain generated by the Fund is insufficient to pay a distribution declared by the Fund. However, there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. A high distribution yield does not imply a positive or high return.
- The Manager currently does not intend to pay dividends in respect of the Accumulation Classes. Accordingly, an investment in the Accumulation Classes may not be suitable for investors seeking income returns for financial or tax planning purposes.

13. Geographical concentration risk

- The Fund's investments are concentrated in the Greater China region. 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 region.
- The Fund invests in the China and Taiwan markets which may involve increased risks and special considerations not typically associated with investment in more developed economies or 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.

14. China tax considerations

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of the Fund's investments in RMB denominated debt securities issued by PRC issuers (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.
- Currently, based on professional and independent advice from tax advisor, the Manager will not make any tax provisions for PRC taxes in respect of the Fund. In case of any actual tax liabilities imposed on the Fund which will be debited from the Fund's assets, the Fund's Net Asset Value will be adversely affected. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged.

15. Risks of investing in convertible bonds

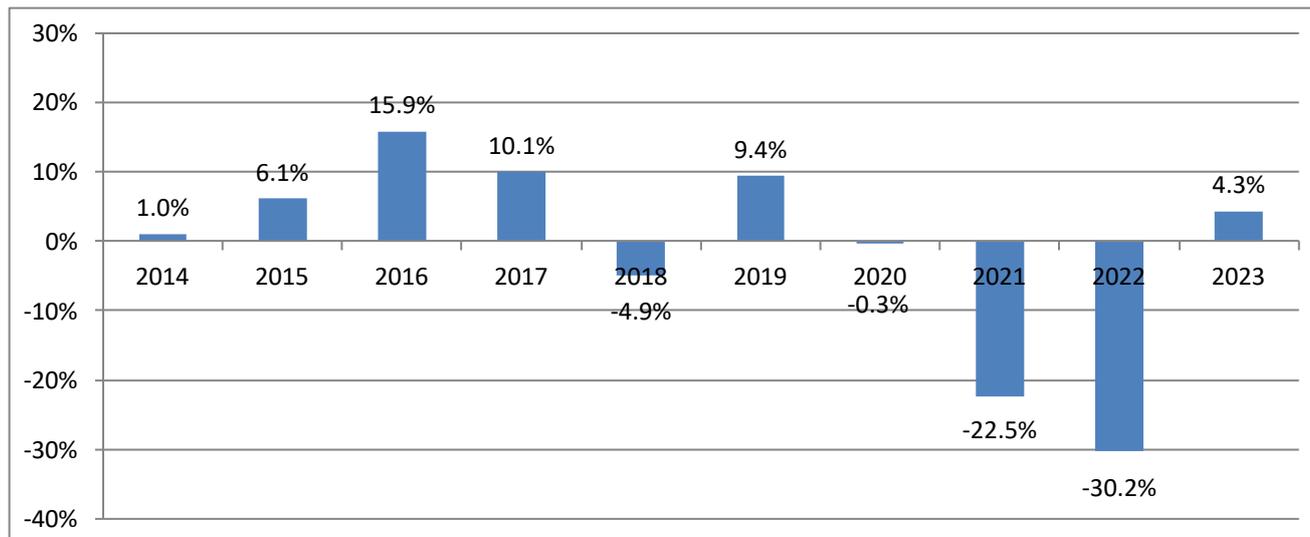
- Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

16. Foreign exchange risk

- The Fund is denominated in US dollars but may issue classes designated in a currency other than its base currency. In addition, underlying investments of the Fund may be denominated in a currency other than its base currency. The NAV of the Fund may therefore be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

17. 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.

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 P USD Acc 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.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 27 March 2012
- Class P USD Acc launch date: 27 March 2012
- Class P USD Acc has the longest history and is broadly indicative of the Fund’s performance characteristics.

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 price per share (in the case of Class A Shares and Class P Shares)
Switching fee (conversion charge)	Up to 3% of the subscription price per share of the subsequent class
Redemption fee	Nil*

* *Note: The redemption fee may be increased from the current rate to up to 5% of the redemption price per share by giving one month's prior notice to investors.*

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 Net Asset Value of each class)	
Management fee	1.5%* (in the case of Class A Shares and Class P Shares)	
Administration and Custodian fees	Net Asset Value	Annual rate (as a % of the Net Asset Value)
	First US\$150 million	0.135%*
	Next US\$650 million	0.13%*
	Portion on top of US\$800 million	0.125%*
	(subject to a monthly minimum fee of US\$4,500)	
Performance fee	Not applicable	
Other fees	You may have to pay other fees when dealing in the shares of the Fund. Please refer to the section of the Explanatory Memorandum entitled "Charges and Expenses" for further details of the other fees payable.	

* *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 "Charges 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 Delegate receives your request, directly or via a distributor, in good order at or before 6:00p.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 latest Net Asset Value of the Fund and the share prices are available online at www.valuepartners-group.com* on each business day.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the website of the Manager 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.
- In respect of the Distribution Classes, the composition of the latest dividends (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are 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.