

Issuer: Value Partners Hong Kong Limited
April 2023

- **This statement provides you with key information about the Value Partners Taiwan 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:	HSBC Trustee (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year[#]:	Class A Units: 1.61% ^β exclusive of performance fees Class A Units: 1.61% ^β inclusive of performance fees
Dealing frequency:	Daily dealing (Hong Kong and Taiwan business days)
Base currency:	US dollars (US\$)
Dividend policy:	The Manager generally does not intend to make distributions from the Fund
Minimum investment:	US\$10,000 initial, and US\$5,000 subsequent
Financial year-end of this Fund:	30 June

[#] *The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the Fund 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 22 March 2023.*

^β *This figure is an annualized figure based on the expenses for the interim period ended 31 December 2022. The actual ongoing charges figure may be different and may vary from year to year.*

What is this product?

The Fund is a unit trust constituted under the laws of the Cayman Islands.

Objectives and Investment Strategy
Objectives

The Fund aims to achieve long term capital growth through primarily (i.e. not less than 70% of the Fund's Net Asset Value (“NAV”) investing in equity and equity linked securities of companies that are listed on (a) the Taiwan Stock Exchange; or (b) the GRE Tai Securities Market; or (c) any stock exchange but which have their main operations or majority of assets in or derive the majority of their income from Taiwan. This includes companies incorporated and/or quoted outside Taiwan.

Strategy

Equity and equity linked securities of companies that the Fund may invest in include but are not limited to listed equities, depositary receipts, 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 Code on Unit Trusts and Mutual Funds (“**Code**”).

When investing the assets of the Fund, the Manager does not intend to have an investment focus in terms of sector or industry. Also, the Fund may invest in securities issued by companies of any market size and in such proportions as the Manager deems appropriate.

In addition to the aforementioned investments, the Manager may hold cash, deposits, short-term papers such as treasury bills, certificates of deposit, bankers’ acceptances, short-term commercial papers and other fixed income instruments. The Manager may also invest in collective investment schemes (including units in unit trusts, shares in mutual fund corporations and interests in other collective investment schemes offered by the Manager, its investment delegate (if any) or any of their connected persons) and debt securities (including but not limited to convertible debt securities and commercial loans) – however, the Fund’s exposure to each type of these investments will be less than 30% of its NAV. Further, 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 also place a substantial portion of the portfolio in cash or cash equivalents, any of which uninvested may be invested into money market funds. Under exceptional circumstances (e.g. market crash or major crisis), the Fund may be invested 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 up to 10% of its NAV in China A-Shares directly through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect or indirectly via China A-Share access products (i.e. participatory notes).

The Fund may invest in commodity-based investments and financial derivative instruments such as futures, forwards, swaps, options, warrants and any other financial instruments for hedging or investment purposes to the extent permitted by the Code and the provisions set out under the section “Investment Restrictions” in the Explanatory Memorandum.

Currently, the Fund does not invest in collateralized and/or securitized products such as asset backed securities, nor does the Fund intend to engage in sale and repurchase 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.

Use of Derivatives / 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. 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 you may lose a substantial proportion or all of your investment in the Fund.

2. 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.

3. Risk of investing in Taiwan / emerging market

- Taiwan is an emerging market. Investing in Taiwan-related companies involves certain increased risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange risks/controls, liquidity, settlement, custody, legal and regulatory risk, and the likelihood of higher degree of volatility.
- High market volatility and potential settlement difficulties in the Taiwan market may also result in significant fluctuations in the prices of the securities traded in such market and thereby may adversely affect the value of the Fund.
- Securities exchanges in Taiwan 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.

4. Concentration risk

- The Fund's investments are concentrated in the Taiwan market. The concentration of the Fund's investments in Taiwan-related companies may result in greater volatility than portfolios which comprise broad-based global investments or have 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 Taiwan market.

5. 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 capitalization companies in general.

6. Risks of investing in derivative products

- The Fund may invest through equity linked notes and other derivative instruments, including those that are not listed or quoted on a market for up to 15% of its NAV. The Fund will be exposed to the counterparty/credit risk of the issuers of derivative products. Apart from counterparty/credit risk, risks associated with derivative products include liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative product can result in a loss significantly greater than the amount invested in the derivative product by the Fund. Exposure to derivative products may lead to a high risk of significant loss by the Fund. If an issuer of a derivative product were to become insolvent, the Fund would lose its investment up to the full value of that product.

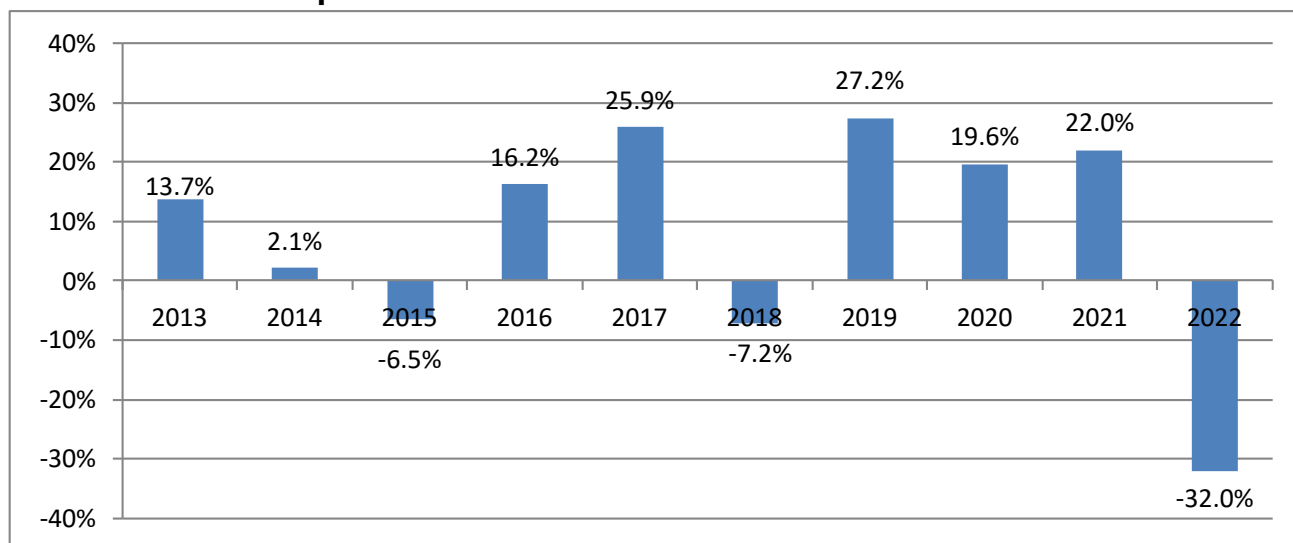
7. Currency exchange risk

- 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. 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.
- In addition, the Fund may have exposure to investments which are denominated in Renminbi (RMB). Assets of the Fund denominated in RMB are valued with reference to the CNH rate. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

8. 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 unrealized gains which may never be realized 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.
- These figures show by how much Class 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,
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 3 March 2008
- Class A Units launch date: 3 March 2008
- Class A Units have the longest history and are 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 units of the Fund.

Fee	What you pay
Subscription fee (Preliminary Charge)	Up to 5% of the subscription monies
Switching fee	Not Applicable
Redemption fee (Realisation Charge)	Nil

* Certain distributors may impose a charge for each switching of units acquired through it for units in another class, which will be deducted at the time of the switching and paid to the relevant distributor. Unitholders who intend to switch their units from 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 net asset value ("NAV"))
Management fee	1.25%*
Trustee fees	First US\$150 million of the Fund's NAV.....0.135%*
(including fees of the Custodian and Registrar's Agent)	Next US\$650 million of the Fund's NAV.....0.13%*
	US\$800 million and thereafter.....0.125%*
	The trustee fees are subject to a monthly minimum of US\$4,500.
Performance fee	15% of the outperformance in the NAV per unit (prior to the deduction of any provision for any performance fee and any distribution declared or paid in respect of the relevant performance period(s) since the last performance fee is crystallised and paid) as at the last valuation day of 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 the 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) on the last valuation day of that performance period will be set as the high watermark 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.
- For details and illustrative examples of the performance fee calculation please refer to the section headed “Performance Fee” in the Fund’s offering document.

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 three months’ 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 units at the Fund’s next-determined NAV after the Registrar’s Agent 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 and are available on the Manager’s website 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.

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.