

[For Immediate Release]

Value Partners unveils strategic plans for its exchange-traded fund (“ETF”) business

*** Positions Value Partners’ smart beta ETFs to target institutional investors*

*** Lowers the management fees of Value China ETF and Value China A-Share ETF to 0.1% per annum from 0.7% per annum to enhance product competitiveness*

(Hong Kong, 2 May 2017) – Value Partners, the largest home-grown asset management firm listed in Hong Kong¹, today announced that it has lowered the management fee of two of its smart beta ETFs as part of its move to position its smart beta ETF series for institutional investors.

Effective 1 May 2017, management fees of Value China ETF (stock code: 3046 HK) and Value China A-Share ETF (stock code: 3095 HK) have been reduced to 0.1% per annum from 0.7% per annum until further notice, bringing down the ongoing charges of Value China ETF to an estimated 0.99%² from 1.54% and that of Value China A-Share ETF to an estimated 0.97%² from 1.52%.

Dr. AU King Lun, Chief Executive Officer of Value Partners, commented: “Since Value Partners launched its first smart beta ETF in Hong Kong in 2009, the demand for smart beta ETFs has been growing, particularly among institutional investors.

“Our existing smart beta ETFs, which are passive replications of our value investing strategies, are positioned to offer institutional investors a low-cost investment option that also leverages our bottom-up stock-picking skills.”

A low-cost vehicle with attractive alpha

Value Partners is committed to providing best-in-class solutions to its clients and it has been constantly reviewing its ETF offerings. To address the increasing demand from institutional investors and to promote the use of ETFs in Hong Kong, Value Partners decided to lower the management fees for some of its largest and fastest-growing ETFs.

In addition to having a competitive pricing structure, Value China ETF – a smart beta ETF which is also Value Partners’ maiden ETF launched in 2009 – delivers strong outperformance compared to peers. Value China ETF was ranked by Morningstar Inc. with a first-quartile ranking among over 100 peers³ in terms of one-year, three-year and five-year performance.

Value Gold ETF’s management fee waiver and new USD counter

Headquartered in Hong Kong, Value Partners is keen to contribute to the development of the asset management industry in its home market. Besides capturing inflows from institutional investors, Value Partners has been exploring different ways to raise individual investors’ awareness for ETFs.

In December 2016, Value Partners announced to waive the 0.15% management fee (ongoing charges⁴ of 0.49% still apply) of Value Gold ETF, the flagship gold product of Value Partners, from 6 December 2016 till 30 June 2017 to encourage the use of gold ETF amid rising geo-

political uncertainties externally. While the campaign is still ongoing, the Group has received positive feedbacks from investors.

Most recently in March, a new currency counter was also added for Value Gold ETF. Effective 31 March 2017, investors can invest in Value Gold ETF through a US dollar counter (stock code: 9081 HK) on top of the HK dollar (stock code: 3081 HK) and Renminbi (stock code: 83081 HK) counters that are currently in place. The multi-counter facility provides investors with easier access to gold investment in different base currencies.

“The exchange-traded fund market in Hong Kong has become more robust in the past year with the launch of the leveraged and inverse products,” **Dr. AU said.** “Looking forward, we are excited to see more catalysts emerging for the development of ETFs in the Hong Kong market, such as the ETF Connect between China and Hong Kong. While embracing new opportunities ahead, we will continue to further enhance the appeal of ETFs in Hong Kong, particularly our own ETF offerings.”

1. Source: Bloomberg data as of 31 March 2017.
2. Ongoing charges are expressed as a percentage of the sum of expenses over the average net asset value of the ETF for a 12-month period. 0.99% and 0.97% are the respective best estimates of the ongoing charges of Value China ETF and Value China A-Share ETF for the period from 1 April 2017 to 31 March 2018, based on the actual ongoing expenses reported in the latest interim results of the ETFs for the period ended 30 September 2016 and taking into account of the management fees up to 30 April 2017, as well as the reduction in management fees effective 1 May 2017. The actual figure may be different from the estimate. The ongoing charges of 1.54% and 1.52% are calculated based on the latest interim results ended 30 September 2016, without taking into account of the reduced management fee. Please refer to the offering documents for details of ongoing fees.
3. Source: Morningstar, data as of 31 March 2017. For the one-year performance category, peers refer to 124 offshore China equity mutual funds and ETFs. For three-year performance category, peers refer to 114 offshore China equity mutual funds and ETFs. For five-year performance category, peers refer to 103 offshore China equity mutual funds and ETFs.
4. Ongoing charges of Value Gold ETF stood at 0.49% as of 30 September 2016. The ongoing charge figure is expressed as a percentage of the sum of expenses over the average net asset value of the ETF for the 12-month period ended 30 September 2016. It is calculated based on the latest interim results and annualized to a 12-month period. The actual figure may be different from the estimate. The Manager temporarily waives management fee for the period from 6 December 2016 to 30 June 2017. The ongoing charge figure presented above is calculated on the basis that management fee is not suspended. Please refer to the offering documents for details of ongoing fees.

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About Value Partners Group Limited

Value Partners is one of Asia's largest independent asset management firms that seeks to offer world-class investment services and products. Assets under management of the firm were US\$14.5 billion as of 31 March 2017. Since its establishment in 1993, the firm has been a dedicated value investor in Asia and the world. In November 2007, Value Partners Group became the first asset management firm listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 806 HK). In addition to its Hong Kong headquarters, the firm operates in Shanghai, Beijing, Taiwan, Singapore and United Kingdom. Value Partners' investment strategies cover absolute return long biased, fixed income, multi asset, alternative, relative return and thematic for institutional and individual clients in Asia Pacific, Europe and the United States. The Group also offers exchange-traded funds under the brand of Value ETF, and details can be obtained from www.valueETF.com.hk. For more information about Value Partners Group, please visit www.valuepartners-group.com.

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IMPORTANT

Value China ETF

- Value China ETF (the “Fund”) is an index-tracking fund listed on the Stock Exchange of Hong Kong Limited (“SEHK”) which aims to provide investment results that closely correspond to the performance of the FTSE Value-Stocks China Index (“Index”).
- The Fund invests in emerging market and is subject to a greater risk of loss than investments in a developed market due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.
- The Index may experience periods of volatility and decline and the price of units of the Fund is likely to vary or decline accordingly.
- There is no assurance that the Fund will pay dividends. The Manager may at its discretion pay dividends out of the capital of the Fund or pay dividend out of gross income while all or part of the fees and expenses of the Fund are charged to/paid out of the capital of the Fund.
- Dividends effectively paid out of capital amount to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Such distribution involving payment of dividends out of the capital may result in an immediate reduction of the Fund’s net asset value per unit.
- An affiliated company of the Manager and Sub-Manager of the Fund assists with the compilation of the Index and accordingly potential conflicts of interests may arise.

Value China A-Share ETF

- Value China A-Share ETF (the “Fund”) is a physical index-tracking fund which aims to provide investment results, before fees and expenses, that closely correspond to the performance of the FTSE Value-Stocks China A-Share Index (“Index”).
- The Fund invests directly in A-Shares included in the Index through the Renminbi Qualified Foreign Institutional Investors (RQFII) investment quota granted to the Manager and the Shanghai-Hong Kong Stock Connect. Investors will be subject to certain risks including repatriation risk, custodial risk, broker risk, regulatory risk and risks associated with the Manager’s RQFII status. In addition, the RQFII policy and rules are relatively new and there may be uncertainty in implementation and such policy and rules are subject to change. All these may adversely impact the Fund.
- The Fund and its primary investments are denominated in RMB. RMB is currently not a freely convertible currency and is subject to foreign exchange control policies, as well as repatriation restrictions imposed by the PRC government. Investors whose base currencies of investments are not in RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB.
- The Fund is subject to emerging market risks. Generally, investments in emerging markets are subject to a greater risk of loss than investments in a developed market due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity etc.
- The Fund is also subject to concentration risk as a result of investing only in a single geographical region. Adverse developments in such region may affect the value of the underlying securities in which the Fund invests.
- The Fund has dual counter traded units which are traded and settled in both RMB and HKD. The nature of the dual counter may make investment in the units riskier than in single counter units or shares of an SEHK listed issuer. Investors without RMB accounts may buy and sell HKD traded units only.
- There is no assurance that Fund will pay dividends. The Manager may at its discretion pay dividends out of the capital of the Fund or pay dividend out of gross income while all or part of the fees and expenses of the Fund are charged to/paid out of the capital of the Fund. Dividends effectively paid out of capital amount to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Such distribution involving payment of dividends out of the capital may result in an immediate reduction of the Fund’s net asset value per Unit.
- The Index may experience periods of volatility and decline and the price of units of the Fund is likely to vary or decline accordingly. As the Fund is not “actively managed”, the Manager will not adopt a temporary defensive position against any market downturn. Investors may lose part or all of their investment.
- The units are traded on the Stock Exchange of Hong Kong Limited (“SEHK”). Trading prices of units on the SEHK are subject to market forces and the units may trade at a substantial premium/discount to the net asset value of the Fund.
- An affiliated company of the Manager and the Investment Adviser of the Fund assists with the compilation of the Index and accordingly potential conflicts of interests may arise.

Value Gold ETF

- Value Gold ETF (the “Fund”) is a fund listed on the Stock Exchange of Hong Kong Limited (“SEHK”), which aims to provide investment results that closely correspond to the performance of the London Bullion Market Association Gold Price.
- The Fund only invests in bullion and may experience greater volatility due to single economic, market or political occurrences.
- The Fund has adopted a multi counter and units are traded in HKD, RMB and USD on SEHK. The nature of the multi-counter model may make investment in the units riskier than in single counter units or shares of an SEHK listed issuer. Investors without RMB or USD accounts may buy and sell HKD traded units only.
- RMB is not a freely convertible currency and is subject to foreign exchange control policies, as well as repatriation restrictions imposed by the PRC government.
- Investors whose base currencies of investments are not in RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB.
- The Fund does not insure its bullion and the Fund and unitholders could suffer a loss if the bullion held by the custodian is lost or damaged.

Value China ETF, Value China A-Share ETF and Value Gold ETF

- As the Funds above are not actively managed, the Manager will not adopt a temporary defensive position against any market downturn. Investors may lose part or all of their investment.
- Trading prices of units on the SEHK are subject to market forces and the units may trade at a substantial premium/discount to the net asset value of the Funds mentioned above.
- You should not make investment decision on the basis of this material alone. Please read the prospectus of the Funds above for details and risk factors.

This document does not constitute a prospectus, an offer or an invitation to subscribe any securities, or a recommendation in relation to any securities.

Investment involves risk and past performance is not indicative of future results. Investors should refer to the prospectus for details and risk factors, particularly those associated with the arrangement in the event that the Fund is delisted. The Fund's prospectus is available and may be obtained from website. Investors should also note that the Fund is different from a typical retail investment fund. Units in the Fund may only be created or redeemed directly by a participating dealer in large unit sizes. This document has not been reviewed by the Securities and Futures Commission. Issuer: Sensible Asset Management Hong Kong Limited.