

Pioneer in  
value investing  
since **1993**

An award-winning asset manager,  
with 240 performance awards won since inception.

**Value Partners** — your right partner  
in China and Asia investments

**Value Partners Group Limited**  
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 806

**2020**  
ANNUAL REPORT

# Key facts about Value Partners



## 28 years of history

Our headquarters is located in Hong Kong, with offices in Shanghai, Shenzhen, Kuala Lumpur, Singapore and London

## Assets under management:

# US\$14.2 billion<sup>^</sup>



We are one of Asia's most established asset managers with an integrated set up across the front-office, middle-office and back-office

## An average 20 years of industry experience



We have a stable and experienced investment team



## 70 on-the-ground investment professionals

We focus on Greater China and Asia ex-Japan investments



## 240+ performance awards and prizes

## Conducts 6,500+



due diligence meetings every year

## Managing 60+ funds and mandates



We manage funds across equities, fixed income, real estate private equity, multi-asset strategy, and ETF for global investors

## 225 employees

We have a strong corporate culture, and always putting clients best interests first



<sup>^</sup> As of 31 December 2020.

## Corporate profile

Established in 1993, Value Partners is one of Asia's largest independent asset management firms offering world-class investment services and products for institutional and individual clients globally. The firm has been a dedicated value investor in Asia and around the world. Its investment strategies cover equities, fixed income, alternatives, multi-asset and Quantitative Investment Solutions. In addition to its Hong Kong headquarters, the firm operates in Shanghai, Shenzhen, Kuala Lumpur, Singapore and London, and maintains a representative office in Beijing.

Value Partners was the first asset management firm listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 806 HK) after it went public in November 2007. The firm had about US\$14.2 billion of assets under management as of 31 December 2020.

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In the event of inconsistency, the English content of this Annual Report shall prevail over the Chinese content.

# Corporate information

## Board of Directors

### Co-Chairmen and Co-Chief Investment Officers

Dato' Seri CHEAH Cheng Hye  
Mr. SO Chun Ki Louis

### Executive Directors

Ms. HUNG Yeuk Yan Renee  
*(Senior Investment Director)*  
Mr. HO Man Kei, Norman  
*(Senior Investment Director)*

### Independent Non-executive Directors

Dr. CHEN Shih-Ta Michael  
Mr. Nobuo OYAMA  
Mr. WONG Poh Weng

## Company Secretary

Mr. CHEUNG Kwong Chi, Aaron

## Authorized Representatives

Mr. CHEUNG Kwong Chi, Aaron  
Mr. HO Man Kei, Norman

## Members of the Audit Committee

Mr. WONG Poh Weng *(Chairman)*  
Dr. CHEN Shih-Ta Michael  
Mr. Nobuo OYAMA

## Members of the Nomination Committee

Dato' Seri CHEAH Cheng Hye *(Chairman)*  
Dr. CHEN Shih-Ta Michael  
Mr. HO Man Kei, Norman  
Mr. Nobuo OYAMA  
Mr. WONG Poh Weng

## Members of the Remuneration Committee

Dr. CHEN Shih-Ta Michael *(Chairman)*  
Dato' Seri CHEAH Cheng Hye  
Mr. Nobuo OYAMA  
Mr. SO Chun Ki Louis  
Mr. WONG Poh Weng

## Members of the Risk Management Committee

Mr. HO Man Kei, Norman *(Chairman)*  
Mr. CHENG Tsz Chung, Clement  
Ms. LEE Vivienne  
Mr. TSUI Fook Wang, Frank  
Ms. WONG Ngai Sze, Icy  
Ms. WONG York Ying, Ella

## Registered Office

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Principal Office

43rd Floor, The Center  
99 Queen's Road Central  
Hong Kong

## Cayman Islands Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D,  
P.O. Box 1586, Gardenia Court, Camana Bay,  
Grand Cayman, KY1-1100,  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## Legal Advisor

Reed Smith Richards Butler

## PRC Legal Advisor

LLinks Laws Offices

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited

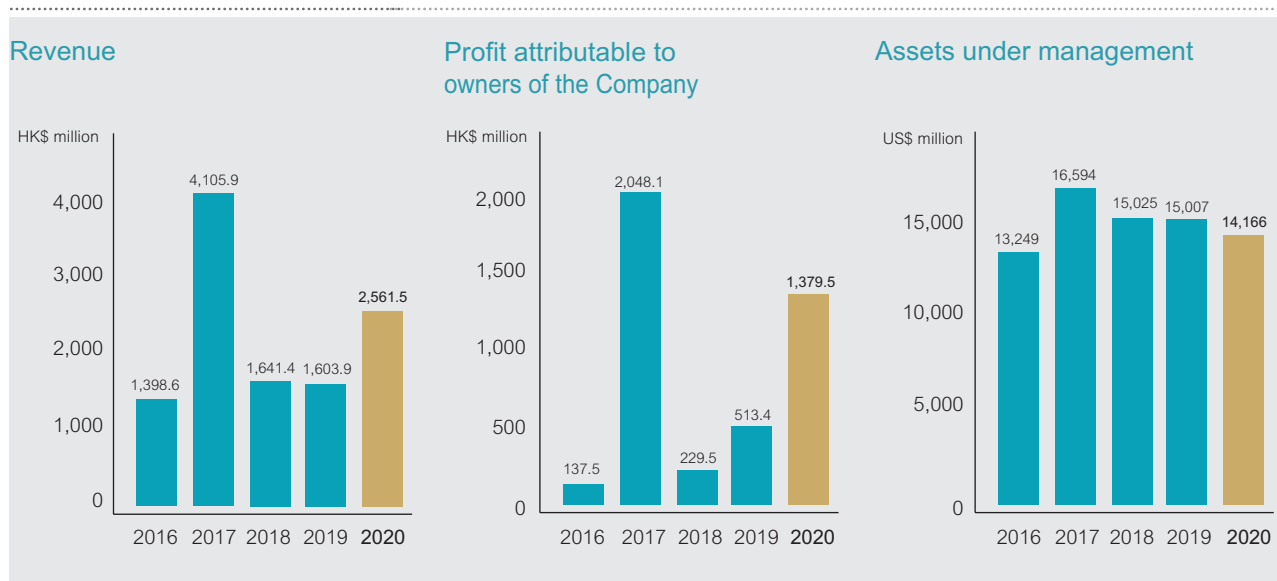
## Website

[www.valuepartners-group.com](http://www.valuepartners-group.com)

## Stock Code

Stock Exchange of Hong Kong: 806

# Financial highlights



(In HK\$ million)	Results for the year ended 31 December					
	2020	2019	% Change	2018	2017	2016
Revenue	2,561.5	1,603.9	+59.7%	1,641.4	4,105.9	1,398.6
Operating profit (before other gains/losses)	1,308.5	343.7	+280.7%	399.9	2,207.3	197.8
Profit attributable to owners of the Company	1,379.5	513.4	+168.7%	229.5	2,048.1	137.5
Earnings per share (HK cents)						
– Basic	74.4	27.7	+168.6%	12.4	110.6	7.4
– Diluted	74.4	27.7	+168.6%	12.4	110.5	7.4

(In HK\$ million)	Assets and liabilities as at 31 December					
	2020	2019	% Change	2018	2017	2016
Total assets	6,298.8	4,912.7	+28.2%	4,395.9	6,878.0	3,957.0
Less: Total liabilities	880.8	523.3	+68.3%	417.4	1,238.0	196.4
Total net assets	5,418.0	4,389.4	+23.4%	3,978.5	5,640.0	3,760.6

(In US\$ million)	Assets under management (“AUM”) as at 31 December					
	2020	2019	% Change	2018	2017	2016
AUM	14,166	15,007	-5.6%	15,025	16,594	13,249

Note: The above financial information was prepared based on the principal accounting policies as described in the notes to the consolidated financial statements.



# Highlights of the year

## Value Partners in the news – 2020 highlights

We are pleased to highlight a selection of news articles published in major financial newspapers and magazines in the region and beyond. Our senior investment members, including the Chief Investment Officers, Investment Directors and Fund Managers provide timely, in-depth analysis and value-added investment insights on the investment markets.



專訪謝清海 – 捕捉賺大錢機會  
*iMoney, Hong Kong*



Asia's top fund manager focuses big on China  
*The Star, Malaysia*

*We would like to thank all the journalists for their support and coverage of our firm.*



1

1 Looking into the future  
*HKUST Magazine, June 2020*



2

2 中國的投資專家 開拓中國金融市場開放機遇  
*Hong Kong Economic Journal, December 2020*



3

3 惠理看好內房高息債 疫情後更重流動性  
*Hong Kong Economic Journal, 26-5-2020*



4

4 把握中國金融市場開放大機遇  
*金牛基金周報, 16-3-2020*



5

5 惠理本季轉審慎 換馬高工端工業股  
*Hong Kong Economic Times, 12-10-2020*

Other headlines

- Value Partners wins £500 million mandate from M&G  
*Asia Asset Management, 16-12-2020*
- Value Partners brings dividend fund to onshore China  
*Fund Selector Asia, 7-5-2020*
- Thoughts on China before Coronavirus from Chung Man Wing of Value Partners  
*InvestmentEurope, 7-2-2020*
- Value Partners qualifies for investment advisory services in China  
*Asian Private Banker, 11-2-2020*
- 謝清海睇好內需金融醫藥股  
*Hong Kong Economic Journal, 13-7-2020*
- 謝清海：短綫未穩 國安法長遠減紛爭  
*Hong Kong Economic Times, 25-5-2020*
- 惠理余辰俊料內地經濟呈U型或W型復甦  
*Hong Kong Economic Journal, 19-5-2020*
- 惠理葉浩華推薦亞洲市場 看好內房債  
*Apple Daily, 8-1-2021*
- 惠理徐福宏：2021尋寶 薦買電商體育股  
*Apple Daily, 7-1-2021*
- 新冠疫情下基金如何部署？惠理徐福宏拆解復甦受惠板塊  
*Hong Kong Economic Times, 30-11-2020*
- 盈喜 – 惠理2020年料多賺1.5倍 表現費激增24倍  
*Hong Kong Economic Times, 11-1-2021*



## Highlights of the year

### Major recognitions for the year

In 2020, we received many accolades from across the region. Over the last 28 years, our team and products have consistently been recognized by the industry for their investment performance and approach to investing. Here are a few of them.

The Group received two outstanding listed company awards for which they recognize Value Partners' achievement in various aspects.

#### Listed Company Awards of Excellence 2020

*By Hong Kong Economic Journal*



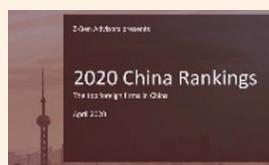
Ms. Ivy WONG, our Chief Financial Officer and Chief Administrative Officer, accepted the award

Our wholly foreign-owned enterprise ("WFOE") business in China has continued receiving major recognitions from government-backed media and leading institutions and publications.

#### Top 25 foreign firms in China, 2020

Value Partners ranked the 9th, the only firm based in Hong Kong

*By Z-Ben Advisors*



#### Most Attractive Foreign Private Fund Award

*By Securities Times and Changjiang Securities, 2020 "Golden Changjiang"*



Value Partners Classic Fund, established since April 1993, generated 37.6% returns in 2020. The fund is also an eligible Hong Kong fund to be distributed in the mainland under the Mutual Recognition of Funds ("MRF") scheme.

#### Best Financial Institutions

*By Zhitong Caijing, The 5th Golden Hong Kong Stocks Award*



#### The Best Offshore Trust Institution for Insurers

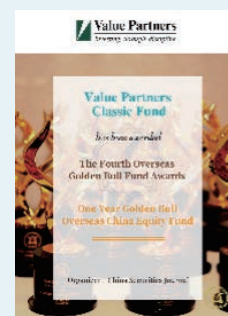
The Most Popular Investment Business Partners (offshore institutions) for Insurers

*By Insurance Asset Management Association of China*



#### Golden Bull Overseas China Equity Fund (1-Year)

*By China Securities Journal, The 4th China Overseas Fund Golden Bull Awards Ceremony 2020*



#### Most Promising WFOE Private Fund House

*By Shanghai Securities News, The 11th Golden Sunshine Award 2020*





With Value Partners' rich research resources in Asia, rigorous credit analysis and prudent investment process, our award-winning fixed income team and products are highly recognized. Here are the awards within the fixed income segment.

**Bond USD High Yield (5-Year)**

*By Refinitiv, Lipper Fund Awards 2020 – Hong Kong*



*Mr. Gordon IP, our Chief Investment Officer for Fixed Income, accepted the award*

Mr. Gordon IP is winner of CIO of the Year (Fixed Income), for both Asia and Hong Kong

Performance Awards:  
Asian High Yield  
(3-Year & 5-Year periods)

*By Insight & Mandate's I&M Professional Investment Awards 2020*

**Best Fund Provider – High Yield Bond**

*By Asian Private Banker's Asset Management Awards for Excellence 2021*



**The Most Astute Investors in Asian G3 Bonds for Hong Kong**



*Ms. HU and Mr. KAM are Value Partners' investment directors*

**Top 3 Investment House in Asian G3 Bonds (Asset Managers category)**



*By The Asset Benchmark Research 2020*

**Winner of Best Total Return – Greater China Fixed Income (5-Year)**

*By 2020 HKCAMA-Bloomberg Offshore China Fund Awards*



Chinese Mainland Focus Fund, an All China strategy product, is well-positioned to capture structural growth in China's economy. The fund was established in November 2003.

**Best Total Return – Greater China Equity (5-Year) 2nd Runner-up**

*By 2020 HKCAMA-Bloomberg Offshore China Fund Awards*



Value Partners Multi-Asset Fund, established in October 2015, applies a multi-asset investment strategy to help investors balance volatility and income.

**Best Total Return – Multi-asset Allocation (1-Year & 3-Year periods) 2nd Runner-up**

*By 2020 HKCAMA-Bloomberg Offshore China Fund Awards*



## Highlights of the year

### Public speeches and industry contributions

Representatives from China Securities Regulatory Commission, the Shenzhen Government, Asset Management Association of China, as well as industry leaders were invited to speak at the forum. **Our Co-Chairman and Co-Chief Investment Officer Dato' Seri CHEAH Cheng Hye** discussed his views on the challenges and opportunities the foreign asset managers may encounter to take part in China's asset management industry, based on Value Partners' experience.



Shenzhen Private Equity Funds Association Inaugural Ceremony and Qianhai Wealth Forum

**Our Co-Chairman and Co-Chief Investment Officer Mr. Louis SO** (*first from the right*) was invited to share his thoughts for the new normal post-pandemic, and how he has coped with the changes.



**Dato' Seri CHEAH** was invited to give a keynote speech at Morgan Stanley's 2020 Annual Global Alpha Investment (GAIN) Conference. The event attracted over 250 high net worth clients.



At Bloomberg Invest Global, **Dato' Seri CHEAH** discussed how the Sino US tension may affect the markets, the challenges and opportunities. He considered the Sino US tension was a major uncertainty facing many equity investors, especially in the China related markets.



Bloomberg Invest Global 2020 – A New World Order?

Hong Kong's Commerce & Economic Development Bureau and Malaysia's Ministry of International Trade and Industry co-organized a webinar, invited Government and business leaders from both Hong Kong and Malaysia to share insights on emerging opportunities with the application of innovation and technology, as well as in the trade and investment fields under the 'new normal'. **Dato' Seri CHEAH** was on the panel.



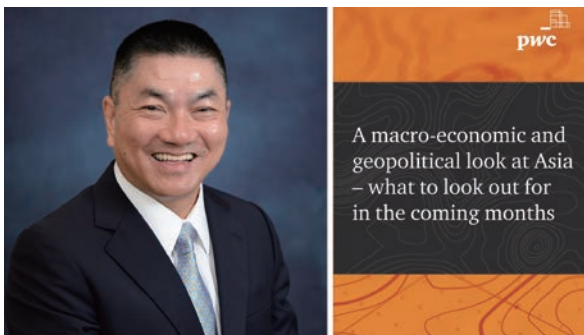
Reconnect: Hong Kong-Malaysia Partnership

**Dato' Seri CHEAH** moderated the Q&A session of the TOWNHALL with Ambassador of Malaysia to China. The Embassy of Malaysia in Beijing, the Consulate-General of Malaysia in Hong Kong, and The Malaysian Chamber of Commerce (Hong Kong and Macau) co-organized this event.



MayCham virtual townhall

**Dato' Seri CHEAH** was invited to discuss his views on 'A macro-economic and geopolitical look at Asia – what to look out for in the coming months'.



PwC's Asset and Wealth Management Conference 2020

Led by **Ms. Rachel TONG** (our Head of Real Estate Private Equity) and **Ms. Durraini Binti BAHARUDDIN** (our Director for South East Asia Business), the team visited various purpose-built workers accommodations in Johor with Malaysian GLC clients, who were keen on Shariah-compliant real estate investments with an ESG impact.



One of the purpose-built-workers accommodations sites in Johor, Malaysia

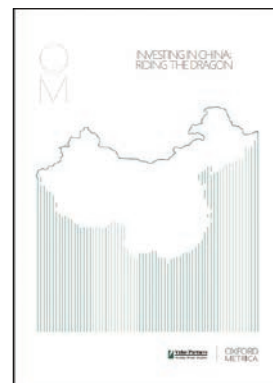
**Dato' Seri CHEAH** was interviewed by Mr. TANG Ning, founder and Chairman of CreditEase. Topics range from investment outlook to philosophy, with interactive dialogues with investors from the mainland China. More than 26,000 people participated this webinar.



**Mr. Frank TSUI** (our Senior Fund Manager and Head of ESG Investment) and **Mr. Hendrik von RIPPERDA-COSYN** (our Country Head, European Business) presented to 113 fund selectors from private banks and wealth managers across Europe at Montreux Virtual, Citywire's pan-European webinar. A good number of attendees expressed interest in investing in China related markets.

**Mr. Gordon IP**, our Chief Investment Officer of Fixed Income, participated at a live webinar organized by Bank of Singapore to share his views of the Asian credits markets.

Launched in May 2020 in collaboration with strategic advisory firm Oxford Metrica, Value Partners' "Riding the Dragon" whitepaper includes a performance review highlighting China's volatility and recovery, and goes on to dispel five 'myths' about the country, as well as examining the rapid increase in Chinese listings, and identifying likely future investment themes.





## Highlights of the year

### Campaign highlights

During the reporting year, we organized various events and rolled out a series of marketing campaigns promoting our funds and strategies. Key events are highlighted as follows:



Value Partners' New Year advertisements on one of Hong Kong's tram stations, promoting strengths of our various funds



2020 Mid-Year Investment Outlook Webinar



2021 Market Outlook Webinar



Interview with Value Partners' fund managers



Value Partners co-launched a healthcare fund with Daiwa Securities Group in Japan





Value Partners Classic Fund



Chinese Mainland Focus Fund



Value Partners Greater China High Yield Income Fund



Value Partners High-Dividend Stocks Fund



Value Partners Healthcare Fund



Value Gold ETF (Stock Code: 3081 HK)

## Highlights of the year

### CSR activities

Our corporate social responsibility initiatives focus on promoting sustainability, caring for the community, protecting the environment and promoting staff wellness. A few volunteering events are highlighted as follows:

**Value Partners**, together with our **Co-Chairmen Dato' Seri CHEAH Cheng Hye** and **Mr. Louis SO**, made a donation of about HK\$500,000 toward efforts in fighting against the coronavirus in Wuhan, China amid a critical period.



Value Partners' medical supplies were received quickly at the front lines of Leishenshan Hospital and field hospitals

#### Our Chairman donates scholarship to hometown

On China's National Day and Mid-Autumn Festival, **Dato' Seri CHEAH** created 3 scholarships – to be granted annually – to assist students with their college expenses in Xiamen, China.

The Cheah Kongsi (clansmen association) in Xiamen, which has long maintained a relationship with the Cheah Kongsi in Penang – is responsible for administering the scholarship programme, which is for the Children of Kongsli members.



Shitang Xie Shi Shidetang Overseas Chinese Association in Xiamen, Fujian Province

**Dato' Seri CHEAH** and **Mr. SO** jointly pledge a donation of RMB100,000 to VIVA China Children's Cancer Foundation Limited ("VIVA Foundation"). The Foundation was set up in December 2014. It aims to provide an infrastructure and be a conduit to receive all the knowledge from an advanced centers of medical research and treatment overseas and transfer to China to improve the cancer cure rate for children.



**HKMA Powerful Management Insights: Meet our leader CHEAH Cheng Hye**

Invited by The Center for EMBA Tsinghua University, **Dato' Seri CHEAH** gave a lecture to over few hundreds of international audiences on investment impact of COVID-19.



2020 Tsinghua PBCSF BRI EMBA Seminar Series

**HKUST Young fellowship program:**  
This is the 3rd time Value Partners has joint effort with The Hong Kong University of Science and Technology, and we had 4 intakes in the first half of 2020.

**FSDC Talent Amplifier Program Day:**  
Value Partners is one of the five supporting firms for the Financial Services Development Council's ("FSDC") inaugural Talent Amplifier Program ("TAP"). Four high caliber local university students have been selected from 70 TAP applicants to spend a day with us to learn more about the asset management industry on 15 May 2020.

**HKSI Scholarship Program:**  
Partnering with Hong Kong Securities and Investment Institute, we will be partaking as a Research Project Sponsor for 2021.

Value Partners is honoured to receive the Caring Company logo for five consecutive years (2017–2020), in recognition of our commitment in Caring for the Community, Caring for the Employees and Caring for the Environment over the past years.



We have been awarded the 'Happy Company Logo 2020' in recognition of our Group's continuous commitment in building happy workplace culture and enhancing happiness-at-work level of employees. This campaign was jointly organised by the Promoting Happiness Index Foundation and the Hong Kong Productivity Council.



## Chairman's Statement



In 2020, Value Partners performed very well, recording a net profit of HK\$1.379 billion (per share earnings of HK74.4 cents), higher by 169% compared to the previous year, representing one of the most profitable years in the firm's history of more than a quarter century.

We benefited from the “K” shaped global recovery, gaining as financial markets surged on massive monetary stimulus, even as many real-world businesses such as travel and retail crashed, finding themselves in the lower part of the “K.”

Furthermore, we enjoyed an advantage because of our investment focus on East and Southeast Asia. In China, the coronavirus pandemic was controlled much faster than in most other places, enabling the economy to grow a higher than expected 2.3%, and making it the only major economy with positive growth in 2020. (In 2021, 8% growth is expected.)

But our biggest advantage, and this one is durable, is the Value Partners Investment Team, one of the world's best, in my view. Set up in 1993 and continuously improved since, this team of 70 investment managers, analysts and dealers (out of a total staff of 225) is the engine that has enabled our brand to sustain market-beating performances over the years, in the process winning more than 240 performance awards.

Taking our flagship Value Partners Classic Fund as an example (fund size: US\$1.42 billion), the fund climbed by a net 37.6%<sup>1</sup> in 2020 compared to the Hang Seng Index's 0.2% increase. Since inception in 1993, this fund has returned a net 5,064.7%<sup>1</sup>, compared to the index's 638.7% rise over the same period. In 27 years of existence, the fund recorded a profit in 20 and a loss in seven of the years (the fund's returns are expressed in terms of its US\$ “A” Units).

(Note: For 2020, some Value Partners funds produced higher returns than Classic Fund. For example, a China A-Share fund primarily invests in innovative technologies companies returned a net 89.3%<sup>2</sup>; while the Value Partners Chinese Mainland Focus Fund returned a net 73.6%<sup>3</sup> compared to its benchmark's 29.5%<sup>3</sup> in 2020.)

A final dividend of HK26.0 cents per share and a special dividend of HK8.0 cents per share are proposed for 2020. Please see the accompanying “Management Discussion and Analysis” for a detailed report.



## Positioned for China growth

The China story keeps getting better. From 1 April 2020, China removed restrictions that prevented foreigners from taking a controlling stake in domestic asset management companies. (The restrictions applied as well to Value Partners, although we are a Hong Kong, not foreign, entity.) For the world's asset management industry, China offers a once-in-a-lifetime opportunity, with the world's biggest pool of savings, a large part of it tied up in bank deposits and property.

The Chinese public's savings habits are changing, especially as interest returns are low while the real-estate transactions face tighter regulations. With less than 10% of Chinese savings currently invested in equities, we are seeing growing public interest in stock market investing, and a new trend of buying stocks through mutual funds.

As a leader and pioneer in China investing, Value Partners is well positioned, with its own office in Shanghai established 11 years ago, currently with 34 staff. In a report published in April 2020, independent consultant Z-Ben ranked Value Partners among the top 10 foreign asset management firms operating on the Chinese mainland (for this survey, we are classified as "foreign"). We are aware that the Beijing government likes the kind of investing that we do, as it seeks to encourage an institutional culture and investing based on fundamental research, pushing the market to become more efficient and rational.

While expanding our role as a domestic fund manager on the mainland, we continue to market our services to overseas investors wishing to use our China expertise. A milestone was achieved in 2020 when a major British financial institution, M&G, awarded a huge mandate to Value Partners to manage a portfolio of Chinese equities. The mandate, more than 500 million pounds sterling (equivalent to about US\$684 million) in size, was awarded after M&G conducted a global search for the most qualified fund manager.

Meanwhile, Daiwa Securities Group and Value Partners have teamed up to create highly successful China funds offered to the public throughout Japan.

With the Chinese economy set to contribute 30% of global growth for years to come, accompanied by a rising Renminbi, we think foreign interest in the China story is on a rising curve.

The optimistic tone of this year's report is based on actual events, and we are not blind to the growing risks in today's world. Geo-political tensions, social polarization and an extreme resort to money-printing, massive borrowing and populist politics could build a gathering storm of inflation, currency debasement and market turbulence in many parts of the world. China, with its emphasis on sustainable growth and financial and social discipline, offers a degree of defence for investors who worry about a world that is troubled and messy.

## Appreciation

To the many clients, shareholders, service providers and friends who have supported and encouraged us, we shall always be grateful. Very importantly, may I express special appreciation to our many colleagues, who have climbed more than a few tall mountains to produce the firm's remarkable results.

**Dato' Seri CHEAH Cheng Hye**  
Co-Chairman and Co-Chief Investment Officer

1. Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2016: -3.2%; 2017: +44.9%; 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021 (year to date as at 26 February): +7.1%.
2. The China A-Share fund was launched on 19 November 2018. The fund's annual calendar returns since 1 January 2019: +28.6%; 2020: +89.3%; 2021 (year to date as at 26 February): -2.6%.
3. Annual calendar returns of Chinese Mainland Focus Fund, a sub-fund of Value Partners Intelligent Funds, over the past five years: 2016: -10.3%; 2017: +61.2%; 2018: -28.3%; 2019: +36.6%; 2020: +73.6%; 2021 (year to date as at 26 February): +1.1%. Benchmark index refers to MSCI China Index (Total Net Return).

*Source for performance figures: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Past performance is not indicative of future performance. Performance is calculated in USD, NAV to NAV, with dividend reinvested and net of fees.*

*SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

# Management Discussion and Analysis

The unprecedented events of 2020 will be remembered forever in history. COVID swept across markets; fears of locked down economies led to turbulent markets and damaged investor confidence. With a robust operational foundation, strong branding and investment capabilities, the Group prevailed during the turbulence, as evidently presented in its 2020 financial results.

Meanwhile, we trust that the worst of COVID is behind us. As we look ahead, vaccine anticipation has noticeably improved the global economic outlook. However, the COVID aftermaths may continue to unfold. Before the overhangs settle, 2021 will be as uncertain as the previous year. We will prudently manage our resources, and adhere to cost targets with discipline while investing sufficiently in our strategic objectives.

## Delivering results during challenging times

We adopt a cautionary stance with strict cost controls in our business operations. This has allowed us to deliver our priorities despite industry-wide challenges. In 2020, we made significant inroads with our institutional business in global markets.

The diligent investment process we adopt for our funds enables us to pick the best-in-class securities under an uneven recovery.

Despite volatile backdrops, Value Partners' fund performances remain in the industry-leading tier. Highlights include our flagship Value Partners Classic Fund and Chinese Mainland Focus Fund generated net returns of 37.6%<sup>1</sup> and 73.6%<sup>2</sup>, respectively.

Additionally, it is noteworthy that Morningstar ranked our Chinese Mainland Focus Fund as the world's top 10 China funds offered outside of mainland China. It also received Morningstar's 4-star ranking<sup>3</sup> among its peer funds. Other funds under our management received the Morningstar's ratings in their respective fund categories. This accomplishment is a solid testament to the strong long-term track record of our funds.

## Financial highlights

In 2020, Asian economies walked out of the COVID damages and recovers ahead of the curve. The earlier recovery phase allowed the capital markets to buoy and outperform their global peers. In particular, China's equity markets ended the year on a high note.

Following the stellar capital market performance, our earnings saw a significant improvement. We recorded a net profit of HK\$1.379 billion in 2020 (2019: HK\$513.4 million). This was attributed to a surge in net performance fees compared to a year earlier as most of our funds that charge performance fees finished 2020 well above their high-water marks.

We recorded a net redemption of about US\$2.3 billion across all strategies in 2020. Though, the outflow pace has significantly slowed as the financial markets stabilised around the mid-year. As of 31 December 2020, the firm's Assets Under Management ("AUM") stood at about US\$14.2 billion. Our fixed cost coverage ratio (net management fees divided by fixed costs) for 2020 was 1.7 times (2019: 2.1 times).

For 2020, we are proposing a final dividend of HK26.0 cents per share and a special dividend of HK8.0 cents per share, compared to a final dividend of HK9.0 cents per share and a special dividend of HK13.0 cents per share paid out for 2019.

## Capitalising on our strength

Our teams, which spread across Hong Kong, mainland China, Kuala Lumpur, Singapore, and London, have shown resilience, diligence, and professionalism during this unprecedented time. Their dedication has enabled us to provide optimal services to our stakeholders. Our overall business operations were uninterrupted by the COVID-19 lockdowns because of our foresight of moving our regular activities, such as investment research work, sales and marketing programmes, client events, and investor relations initiatives to secure online platforms. In doing so, we can fulfil our credo is to continue engaging with our clients and community to ensure that we keep them informed at all times.

The COVID restrictions did not disengage us from our network of stakeholders. During 2020, we have been active in events attended by global and regional decision-makers. Dato' Seri CHEAH Cheng Hye, our Co-Chairman and Co-Chief Investment Officer, took part as a key speaker in several major conferences during the year, including *Bloomberg* Invest New York, *Forbes Asia's* best under a billion virtual forum, the CreditEase webinar, and many more.

### Mainland China and related business – growing from strength to strength

In China, our core business targeting mainland Chinese investors are in three segments, i.e., institutional clients, Private Fund Management (“PFM”) mandates and retail investors via the Mutual Recognition of Funds (“MRF”) scheme. Our AUM from China stood at US\$1.4 billion as of the end of 2020.

To further drive our business in mainland China, we have a full-fledged team in Shanghai and Shenzhen comprising dedicated local staff consist of professionals with at least 13 years of experience in the financial and asset management industry.

Our effort to strengthen our presence in China was recognised by Z-Ben Advisors, China's leading fund industry consulting firm, in its 2020 Ranking of Top 25 Global Managers in China. Value Partners was placed ninth and was the only Asia-based asset manager amongst the top 10 wholly foreign-owned enterprises (“WFOE”) list serving the Chinese mainland market. Furthermore, our China Business was named one of the “Most Promising WFOE Private Fund Houses” at the 11th Golden Sunshine Award by *Shanghai Securities News*.

Our exposure to the onshore retail segment leverages the cross-border MRF scheme with two eligible equity products available, Value Partners Classic Fund and Value Partners High-Dividend Stocks Fund. There is no shortage of ambition at Value Partners to further broaden our foothold on the mainland market. The Group aims at the untapped demands from the populated market of China. It is in preparation for the application to set up a wholly-owned retail fund management business onshore.

### Expanding our global business

China was among the first to emerge from the epidemic. The country's key economic and market reforms created opportunities. Consequently, the Chinese capital markets become a favoured destination for international investors to ride through the pandemic uncertainties and invest for the long haul. This development tipped in our favour.

As a continued effort, we enhance our established products' structure to satisfy investor needs from different jurisdictions. Notable launches during the year included bringing our Greater China high yield bond strategy on the UCITS fund platform, and obtaining the regulatory approval to distribute Value Partners Health Care Fund to Hong Kong retail investors.

Our conviction toward China's true potential and investment opportunities remain. Thus, the range of products on offer also expanded to encompass three A-shares thematic funds: a China A-shares equity fund, a China A-shares high dividend fund, and a China A-shares consumption fund.

In addition, we spot a developing trend of established financial institutions creating standalone China equity allocations as part of their overall strategic asset allocation for emerging markets equity. The Value Partners brand is known for its longstanding onshore China set-up and deep market understanding. Value Partners saw success in securing several sizeable China-related mandates with this vital prerequisite during the year. The new business entry covers clients' incremental needs from Europe, Southeast Asia, Taiwan, and Japan.

M&G, a leading savings and investments business headquartered in the U.K., chose Value Partners after a highly competitive worldwide search for a China All-Shares mandate in excess of 500 million pounds sterling. The mandate recognises our team's longstanding strength as a bottom-up stock-picker and proven track record in China investing.

## Management Discussion and Analysis

In Asia, Value Partners also further expands its reach to regional markets such as Taiwan and Japan. One such product is the Value Partners High-Dividend Stocks Fund, distributed to Taiwanese investors through an appointed master agent. Given the Japanese market's growing interest in China's equity space and thematic products, we have forged another partnership with Daiwa Securities Group to jointly launch a China healthcare product. Our foray into the market dated back to 2018 when Value Partners' China innovation strategy was first offered to Japanese investors. Closer to home, we also won a sizeable China A-shares equity mandate from a family office in Hong Kong.

Over to Malaysia, we expect to list the Value Partners DJ Shariah China A-Shares 100 ETF<sup>4</sup> on Bursa Malaysia in the first half of 2021. This ETF tracker follows a China A-shares index that will afford investors, especially those from Southeast Asia and the Middle East, to invest in China's growth and one that complies with the Shariah principles. We also received the Securities Commission of Malaysia's approval to distribute the Malaysia Shariah property fund<sup>4</sup>, which invests in purpose-built workers accommodations and adheres to the environmental, social and governance. With the increased impact of COVID on foreign workers, the fund attracted the interest of institutional investors.

As China's market continues to mend and grow in the second half of 2020, we seized the opportunity to expand our institutional client base in the Asia Pacific, Europe, and U.S. regions.

### Environmental, social and corporate governance

During the year, we have made tangible progress in integrating environmental, social and governance ("ESG") standards in our corporate and investment process.

The formation of an ESG Committee manifests our commitment to upholding ESG standards, integrating sustainability considerations into our investment processes, internal culture, and commanding positive changes for the Group's ESG developments. In 2020, initiatives steered by the Committee had brought about positive outcomes. After our signatory of the United Nations-supported Principles for Responsible Investment ("UNPRI") in mid-2019, our first assessment report submitted to the UNPRI landed at an "A" rating in the Strategy and Governance module.

We are mindful of the importance of providing accessible information. A dedicated ESG session is created on the Group's official website, where relevant publications such as ESG investment and proxy voting policies are hosted. Our annual report is also articulated with enhanced ESG disclosures. Simultaneously, internal ESG training sessions were hosted during the fiscal year to foster a regular dialogue and ESG culture across the organisation.

The investment process was another key area that we strived for vital enhancements. To further integrate ESG considerations into our investment process, a proprietary ESG scorecard was initiated in the fourth quarter of 2020. This allows us to gain a deeper understanding when assessing a company and supports our ESG engagement with the investees, which we believe is crucial to bring positive impacts to the society. In the meantime, an exclusion list of securities in breach of ESG principles is diligently maintained on an ongoing basis.

As we advance, the Group takes responsibility for investing as progressive development and our commitments remain for the long-term.

### Our achievements

Under our Co-Chairmen and Co-Chief Investment Officers' joint stewardship, Value Partners' reputation grew significantly and made its mark in the industry. Value Partners' strong branding in the market and its dedicated team are among the other factors contributing to its many landmark achievements.



A testament to that is the awards and recognitions we have won since the Group's establishment in 1993. Last year, we added 17 prizes to take our grand total of performance accolades won throughout the years to 240. Our latest award titles include the "Top 3 Investment House in Asian G3 Bonds" awarded by *The Asset*, a leading financial publication.

Mr. Gordon IP, our Chief Investment Officer of Fixed Income, added another feather on the cap when he was named the "CIO of the Year for Fixed Income" both for Hong Kong and in Asia at *Insights & Mandate* (I&M) Professional Investment Awards.

Value Partners also received recognition as a leading Chinese asset manager for its contribution to China's offshore fund industry at the 6th Annual Offshore China Fund Awards 2020, co-hosted by *Bloomberg* and China Asset Management Association of Hong Kong. The Company also took home accolades for its products. Value Partners Greater China High Yield Income Fund won the "Best Total Return Award of Greater China Fixed Income (5-Year)". In addition, the Chinese Mainland Focus Fund and Value Partners Multi-Asset Fund secured the third places in the "Greater China Equity (5-Year)" and the "Multi-asset Allocation (3-Year and 1-Year)" categories, respectively.

### Outlook

Looking forward, we expect the financial markets to remain volatile and uncertain this year. However, with the upcoming large fiscal stimulus and economic reopening as vaccine rolls out, we are cautiously optimistic on the industry outlook for 2021.

Value Partners is well positioned to benefit from the opening up of the asset management industry in China. In addition, we see increasing tractions from overseas markets investing in the China and Asia markets. Lastly, we will continue to expand our fund menu to cater for the demand of a wider range of asset classes. These areas will be the key growth drivers in the forthcoming years.

### Appreciation

We would like to extend our sincere and heartfelt appreciation to our colleagues, shareholders, clients and business partners for their ample support. We promise to remain focused on providing the highest standard of service and value for clients. As with all storms, this will soon pass, and we have every confidence we will emerge from this stronger.

1. Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2016: -3.2%; 2017: +44.9%; 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021 (year to date as at 26 February): +7.1%.
2. Annual calendar returns of Chinese Mainland Focus Fund, a sub-fund of Value Partners Intelligent Funds, over the past five years: 2016: -10.3%; 2017: +61.2%; 2018: -28.3%; 2019: +36.6%; 2020: +73.6%; 2021 (year to date as at 26 February): +1.1%.
3. © Morningstar 2021. All Rights Reserved. Morningstar rating as of 31 January 2021. Morningstar ranks mutual funds on a scale of one to five stars, based on past performance relative to peer funds. Star ratings are graded on a curve; the top 10% of funds receive five stars, the next 22.5% receive four stars. Peer Group refers to Morningstar Category of China Equity (HKSFCA authorised funds) which includes all funds with performance history started between 27 November 2003 and 31 January 2021.
4. The fund is not authorised by the Securities and Futures Commission of Hong Kong ("SFC") and is not available to the general public in Hong Kong.

Source for performance figures: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Past performance is not indicative of future performance. Performance is calculated in USD, NAV to NAV, with dividend reinvested and net of fees.

SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

# Financial Review

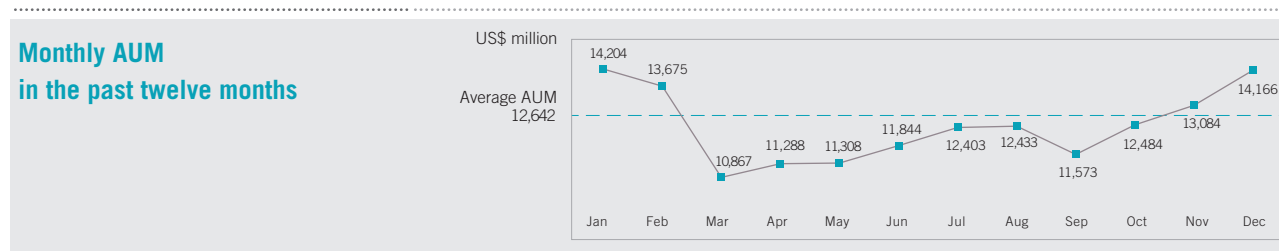
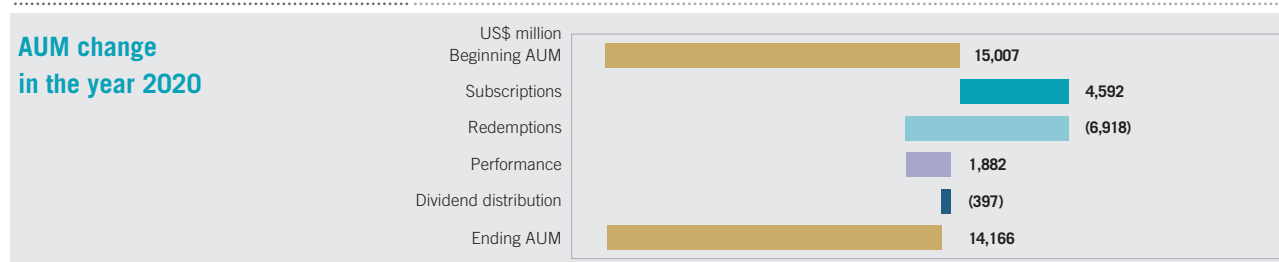
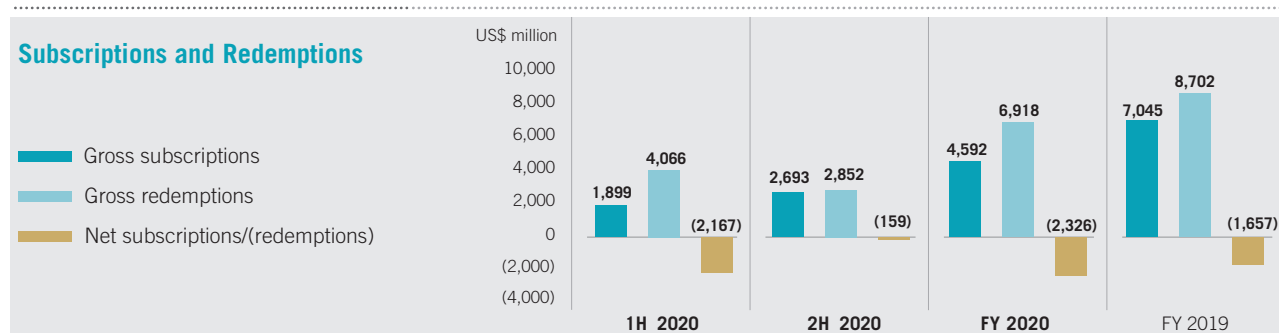
## Assets Under Management (“AUM”)

### AUM and return

The Group’s AUM stood at US\$14,166 million at the end of December 2020 (31 December 2019: US\$15,007 million). The movement was mainly attributable to the positive fund returns of US\$1,882 million offset by net redemptions of US\$2,326 million in 2020.

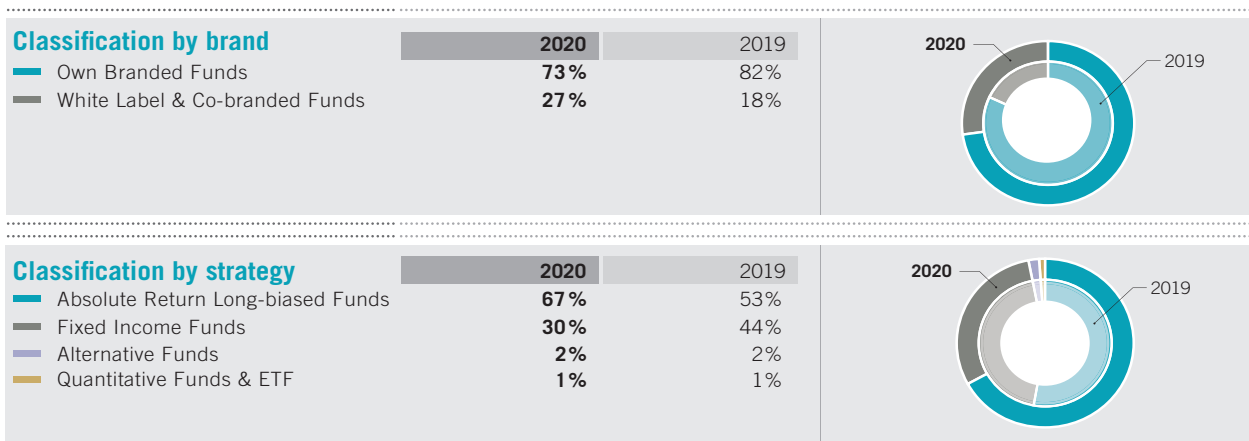
Overall fund performance<sup>1</sup>, calculated as the asset-weighted average return of funds under management, rose 16.9% in 2020. Among our funds, the Value Partners Classic Fund<sup>2</sup>, our flagship product, increased by 37.6% during the year, while the Value Partners High-Dividend Stocks Fund<sup>3</sup>, recorded a gain of 13.9% during the year. Meanwhile, the Value Partners Greater China High Yield Income Fund<sup>4</sup>, the Group’s largest public fund<sup>5</sup> in Hong Kong, fell 0.3% during the year.

For full-year 2020, we recorded a net redemption of US\$2,326 million (2019: net redemption of US\$1,657 million), which was accounted for by gross subscriptions of US\$4,592 million (2019: US\$7,045 million) and gross redemptions of US\$6,918 million (2019: US\$8,702 million).



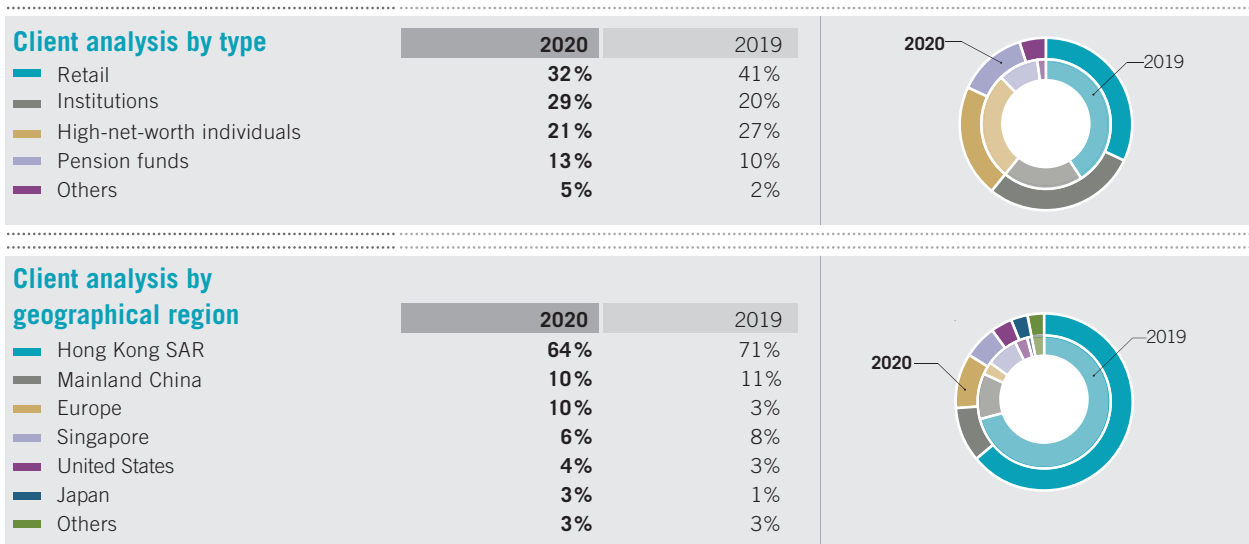
### AUM by category

The charts below show the breakdown of the Group's AUM as at 31 December 2020 using two classifiers: brand and strategy. Own Branded Funds (73%) remained the biggest contributor to the Group's AUM. By strategy, Absolute Return Long-biased Funds (67%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (30%), where Value Partners Greater China High Yield Income Fund was the largest contributor.



### Client base

During the year, clients in the institutional segment – institutions, pension funds, high-net-worth individuals (“HNWIs”), endowments and foundations, funds of funds, and family offices and trusts – remained the Group's primary set of fund investors, accounting for 68% of total AUM (31 December 2019: 59%). Meanwhile, retail clients contributed 32% of total AUM (31 December 2019: 41%). In terms of geography, Hong Kong SAR clients continued as the largest segment, contributing 64% of the Group's AUM (31 December 2019: 71%). There was a notable rise in the share of AUM attributable to clients in Europe, which increased to 10% (31 December 2019: 3%) as the Group won a Chinese equity mandate from a European client. The share of AUM contributed by clients in mainland China remained stable at 10% (31 December 2019: 11%).



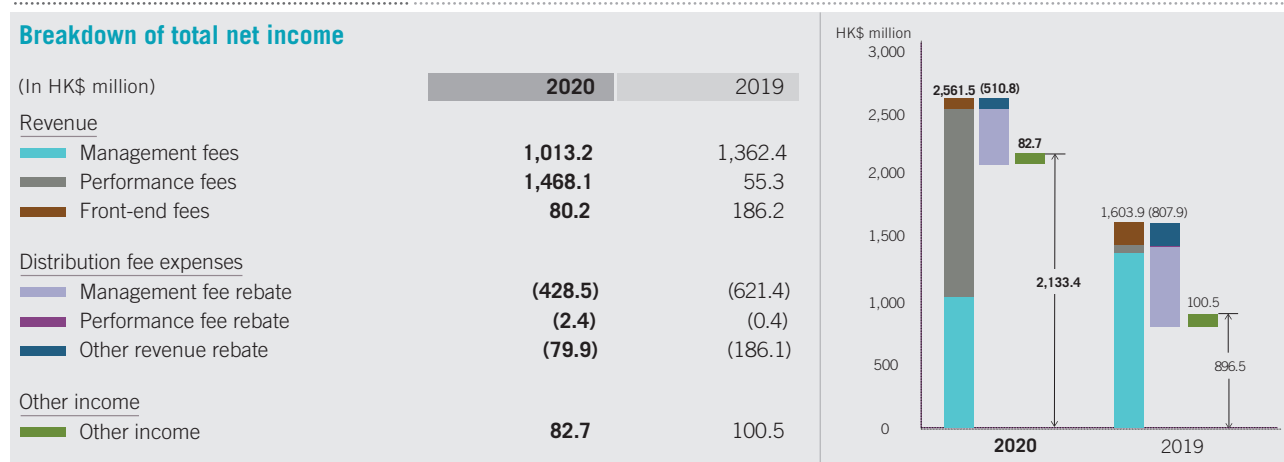
## Financial Review

### Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	2020	2019	% Change
Total revenue	<b>2,561.5</b>	1,603.9	+59.7%
Gross management fees	<b>1,013.2</b>	1,362.4	-25.6%
Gross performance fees	<b>1,468.1</b>	55.3	+2,554.8%
Operating profit (before other gains/losses)	<b>1,308.5</b>	343.7	+280.7%
Profit attributable to owners of the Company	<b>1,379.5</b>	513.4	+168.7%
Basic earnings per share (HK cents)	<b>74.4</b>	27.7	+168.6%
Diluted earnings per share (HK cents)	<b>74.4</b>	27.7	+168.6%
Interim dividend per share	<b>Nil</b>	Nil	
Final dividend per share (HK cents)	<b>26.0</b>	9.0	+188.9%
Special dividend per share (HK cents)	<b>8.0</b>	13.0	-38.5%
Total dividend per share (HK cents)	<b>34.0</b>	22.0	+54.5%

### Revenue and fee margin



The Group's profit attributable to owners of the Company increased to HK\$1,379.5 million in 2020 (2019: HK\$513.4 million), benefiting from the strong fund performance during the year. Total revenue increased by 59.7% to HK\$2,561.5 million (2019: HK\$1,603.9 million). Gross performance fees, the major source of our revenue in 2020, increased significantly to HK\$1,468.1 million (2019: HK\$55.3 million).

Gross management fees, another major contributor to revenue, dropped 25.6% to HK\$1,013.2 million (2019: HK\$1,362.4 million) on a 22.0% decrease in the Group's average AUM to US\$12,642 million (2019: US\$16,200 million).

The management fees rebates paid to distribution channels decreased by 31.0% to HK\$428.5 million (2019: HK\$621.4 million). Meanwhile, our annualized net management fee margin increased slightly to 61 basis points (2019: 60 basis points).

Other revenue mainly included a front-end load, of which a substantial amount was rebated to distribution channels (a usual practice in the market).

Other income, which mainly comprised of interest income, dividend income as well as rental and other income from an investment property, totaled HK\$82.7 million (2019: HK\$100.5 million). The change was mainly due to the drop in interest income to HK\$51.5 million (2019: HK\$65.8 million) and dividend income to HK\$13.4 million (2019: HK\$15.0 million).



## Other gains and losses

Breakdown of other gains/(losses) – net	(In HK\$ million)	2020	2019
Net gains on investments		257.6	196.8
Fair value gain of an investment property		–	5.1
Gains on disposal of property, plant and equipment		–	0.5
Net foreign exchange gains/(losses)		6.1	(8.6)
Other gains/(losses) – net		<b>263.7</b>	193.8

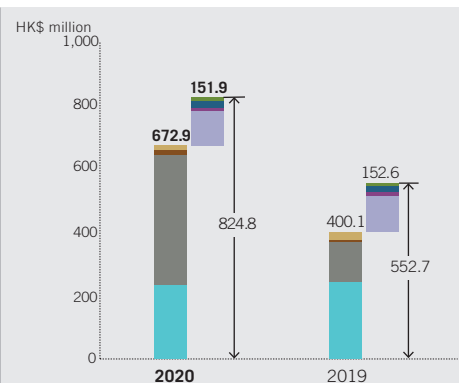
Other gains or losses mainly included fair value changes and realized gains or losses on seed capital investments, investments in our own funds and other investments, as well as net foreign exchange gains or losses. Seed capital investments are made by the Group to provide capital that was considered necessary to new funds during the initial phase of fund launches. The Group also invests in its own funds alongside investors, where appropriate, for better alignment of interests and investment returns.

## Investment in joint ventures

In 2017, the Group set up Value Partners Asia Pacific Real Estate Limited Partnership (the “Real Estate Partnership”) to engage in real estate private equity business. As at 31 December 2020, the Real Estate Partnership held three logistic centers located in Japan and an industrial facility located in Australia through two joint ventures in which the Group had 50% equity interest (31 December 2019: 50%). The Group’s share of gains amounted to HK\$32.5 million (2019: HK\$32.6 million), which consisted of revaluation gains on properties that totaled HK\$11.1 million (2019: HK\$14.7 million) and rental income of HK\$21.4 million (2019: HK\$17.9 million).

## Cost management

Breakdown of total expenses	(In HK\$ million)	2020	2019
<b>Compensation and benefit expenses</b>			
Fixed salaries and staff benefits		231.8	241.5
Management bonus		412.0	127.1
Staff rebates		15.4	3.7
Share-based compensation expenses		13.7	27.8
<b>Other expenses</b>			
Other fixed operating costs		107.4	111.3
Sales and marketing		11.1	14.3
Depreciation, excluding depreciation of right-of-use assets – properties		20.5	17.5
Non-recurring expenses		12.9	9.5



In terms of cost management, the Group continued to exercise stringent cost discipline and kept fixed operating expenses covered by net management fee income, which is a relatively stable source of income. Such coverage is measured by the “fixed cost coverage ratio”, an indicator showing the number of times that fixed operating expenses (excluding discretionary and non-recurring expenses) are covered by net management fee income. For 2020, the Group reported a fixed cost coverage ratio of 1.7 times (2019: 2.1 times). The Group takes a cautionary stance in cost management and has implemented measures such as resource realignment and ongoing cost control to manage future business headwinds. This approach is to ensure strict cost management while developing longer-term strategic projects.

## Compensation and benefit expenses

During the year, fixed salaries and staff benefits decreased by HK\$9.7 million to HK\$231.8 million (2019: HK\$241.5 million).

## Financial Review

As part of its compensation policy, the Group distributes 20% to 23% of its annual net profit pool as a management bonus to employees. The management bonus for 2020 totaled HK\$412.0 million (2019: HK\$127.1 million). The profit pool is calculated by deducting certain adjustments from net profit before the management bonus and taxation. This discretionary bonus is maintained to promote staff loyalty and performance while aligning employee and shareholder interests.

The staff of Value Partners is entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group. Staff rebates for the year amounted to HK\$15.4 million (2019: HK\$3.7 million).

During the year, the Group recorded expenses of HK\$13.7 million (2019: HK\$27.8 million), which were related to stock options granted to employees. This expense item had no impact on cash flow and was recognized in accordance with Hong Kong Financial Reporting Standards.

### Other expenses

Other non-staff operating costs – such as rent, legal and professional fees, investment research fees, and other administrative and office expenses – amounted to HK\$107.4 million for the period (2019: HK\$111.3 million), while sales and marketing expenses decreased to HK\$11.1 million (2019: HK\$14.3 million).

### Dividends

The Group has been adopting a consistent dividend distribution policy that takes into account the relatively volatile nature of asset management income streams. This policy states that dividends (if any) will be declared annually at the end of each financial year to better align dividend payments with the Group's full-year performance. Dividend per share is declared based on the Group's realized profit, which excludes unrealized gains and losses recognized.

For 2020, the Board of Directors recommended a final dividend of HK26.0 cents per share and a special dividend of HK8.0 cents per share to shareholders.

### Liquidity and financial resources

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits and dividend income from investments held. At the end of 2020, the Group's balance sheet and cash positions remained strong, with a net cash balance of HK\$1,974.4 million. Net cash inflows from operating activities amounted to HK\$212.9 million, while the Group had no corporate bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The Group's debt-to-equity ratio, measured by interest bearing external borrowings (excluding borrowings by investment funds where the Group has a controlling interest) divided by shareholders' equity, was zero, while its current ratio (current assets divided by current liabilities) was 4.4 times.

### Capital structure

As at 31 December 2020, the Group's shareholders' equity and total number of shares issued were HK\$5,418.0 million and 1.86 billion, respectively.

1. *Overall fund performance is calculated by taking an asset-weighted average of returns of the most representative share class of all funds managed by Value Partners.*
2. *Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2016: -3.2%; 2017: +44.9%; 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021 (Year to date as at 26 February): +7.1%*
3. *Annual calendar returns of Value Partners High-Dividend Stocks Fund (Class A1) over the past five years: 2016: -0.2%; 2017: +32.9%; 2018: -14.2%; 2019: +14.9%; 2020: +13.9%; 2021 (Year to date as at 26 February): +7.2%*
4. *Annual calendar returns of Value Partners Greater China High Yield Income Fund (Class P Acc USD) over the past five years: 2016: +15.9%; 2017: +10.1%; 2018: -4.9%; 2019: +9.4%; 2020: -0.3%; 2021 (Year to date as at 26 February): -0.9%*
5. *SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

*Source for performance figures: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Past performance is not indicative of future performance. Performance is calculated in USD, NAV to NAV, with dividend reinvested and net of fees.*

# Biographies of directors and senior management

## Chairmen

### CHEAH Cheng Hye MAoF

Co-Chairman and Co-Chief Investment Officer

Dato' Seri CHEAH Cheng Hye, aged 67, is Co-Chairman and Co-Chief Investment Officer of Value Partners Group. He is in charge of Value Partners' fund management and investment research, business operations, product development and corporate management. He sets the Group's overall business and portfolio strategy.

Dato' Seri CHEAH has been in charge of Value Partners since he co-founded the firm in February 1993 with his partner, Mr. V-Nee YEH. Throughout the 1990s, he held the position of Chief Investment Officer and Managing Director of Value Partners, responsible for managing both the firm's funds and business operation. He led Value Partners to a successful listing on the Main Board of the Hong Kong Stock Exchange in 2007. The firm became the first asset management company listed in Hong Kong. Dato' Seri CHEAH has more than 30 years of investment experience, and is considered one of the leading practitioners of value-investing in Asia and beyond. Value Partners and he personally have received numerous awards – a total of more than 240 professional awards and prizes since the firm's inception in 1993.

Dato' Seri CHEAH currently serves as an Independent Non-executive Director, Chairman of Investment Committee and Cash Market Consultative Panel of Hong Kong Exchanges and Clearing Limited ("HKEX"), a member of the Hong Kong University of Science and Technology ("HKUST") Business School Advisory Council, Convenor of Advisory Council for the Malaysian Chamber of Commerce (Hong Kong and Macau), a member of the Hong Kong Trade Development Council Belt and Road & Greater Bay Area Committee, a Fellow of the Hong Kong Management Association, and a member of the Hong Kong Academy of Finance ("MAoF").

In August 2016, Dato' Seri CHEAH was conferred Darjah Gemilang Pangkuan Negeri ("DGPN"), one of the highest civil honours granted by the state of Penang in Malaysia to recognize exceptional individuals. The DGPN award comes with the title of "Dato' Seri". In 2013, he was conferred Darjah Setia Pangkuan Negeri ("DSPN") with the title of "Dato'". In the same year, he was named an Honorary Fellow of the HKUST for outstanding achievements.

Dato' Seri CHEAH was named "Outstanding Manager of the Year – Greater China equity category" in the Fund of the Year Awards 2017 by *Benchmark*, and co-winner of "CIO of the Year in Asia" along with Mr. Louis SO in the 2011 Best of the Best Awards by *Asia Asset Management*. In 2010, he was named by *AsianInvestor* as one of the Top-25 Most Influential People in Asian Hedge Funds. In 2009, he was named by *AsianInvestor* as one of the 25 Most Influential People in Asian Asset Management. He was also named "Capital Markets Person of the Year" by *FinanceAsia* in 2007, and in 2003, he was voted the "Most Astute Investor" in the Asset Benchmark Survey.

Prior to starting Value Partners, Dato' Seri CHEAH worked at Morgan Grenfell Group in Hong Kong, where, in 1989, he founded the Company's Hong Kong/China equities research department as the Head of Research and proprietary trader for the firm. Prior to this, he was a financial journalist with the *Asian Wall Street Journal* and *Far Eastern Economic Review*, where he reported on business and financial news across East and Southeast Asia markets. Dato' Seri CHEAH served for nine years (from 1993 to 2002) as an independent non-executive director of Hong Kong-listed JCG Holdings, a leading microfinance company (a subsidiary of Public Bank Malaysia renamed from 2006 as Public Financial Holdings).

## Biographies of directors and senior management

### SO Chun Ki Louis

#### Co-Chairman and Co-Chief Investment Officer

Mr. Louis SO, aged 45, is Co-Chairman and Co-Chief Investment Officer of Value Partners Group. He works closely with Dato' Seri CHEAH Cheng Hye on all aspects of providing leadership to Value Partners, including overseeing all group affairs and activities, daily operations and overall management of the Group's investment management team. He leads the Group's investment process, with a high degree of responsibility over portfolio management.

Mr. SO has over 22 years of asset management industry experience, with a solid track record in research and portfolio management. He joined Value Partners in May 1999 and was promoted to take up various research and fund management roles since then. He was appointed Co-Chairman of the Group on 26 April 2019. His extensive management capability and on-the-ground experience helped the Group establish an unparalleled research and investment team.

Mr. SO was named "Outstanding Manager of the Year – Greater China equity category" in the Fund of the Year Awards 2017 by *Benchmark*. In the 2011 Best of the Best Awards by *Asia Asset Management*, he was the co-winner of the "CIO of the Year in Asia" award alongside Dato' Seri CHEAH Cheng Hye.

Mr. SO graduated from the University of Auckland in New Zealand with a Bachelor's degree in Commerce, and obtained a Master's degree in Commerce from the University of New South Wales in Australia.

## Executive Directors

### HUNG Yeuk Yan Renee

#### Senior Investment Director

Ms. Renee HUNG, aged 46, is a Senior Investment Director of Value Partners Group. She is a leader in the Group's investment process, with a high degree of responsibility over portfolio management.

Ms. HUNG has over 23 years of asset management industry experience, with a solid track record in research and portfolio management. She joined Value Partners as an Analyst in April 1998. She was promoted to the roles of Fund Manager and Senior Fund Manager in 2004 and 2005, respectively. In 2009, she was promoted to Deputy Chief Investment Officer and was re-designated as Senior Investment Director in July 2020.

Ms. HUNG is a member of the Board of Directors of Value Partners Group. She serves as a member of the Board of Directors of Tung Wah Group of Hospitals in Hong Kong from 2012/2013 to 2016/2017, and 2020/2021.

Ms. HUNG holds an Executive MBA degree from the City University of Hong Kong, and a Bachelor of Science degree in Applied Mathematics from the University of California in Los Angeles.

### HO Man Kei, Norman CFA

#### Senior Investment Director

Mr. Norman HO, aged 54, is a Senior Investment Director of Value Partners Group. He is a leader in the Group's investment process, with a high degree of responsibility over portfolio management.

Mr. HO has over 31 years of asset management and financial industry experience, with a solid track record in research and portfolio management. He joined Value Partners in November 1995. He was promoted to the roles of Investment Director and Senior Investment Director in 2010 and 2014, respectively. He is a member of the Board of Directors of Value Partners Group, and is also a director of certain subsidiaries of the Group.

Prior to joining the Group, Mr. HO was an Executive with Dao Heng Securities Limited and had started his career with Ernst & Young.

Mr. HO graduated with a Bachelor's degree in Social Sciences (majoring in Management Studies) from The University of Hong Kong. He is a CFA charterholder.

## Independent Non-executive Directors

### CHEN Shih-Ta Michael

Dr. Michael Shih-Ta CHEN, aged 75, was appointed as an Independent Non-executive Director of Value Partners Group Limited since 22 October 2007.

Currently, Dr. CHEN serves as an Adjunct Professor of Management, an Advisor of the Thompson Center for Business Case Studies at The Hong Kong University of Science and Technology, and a Senior Advisor to the Director of the Case Research Center at Peking University, Guanghua School of Management. He is an Emeritus Member of Harvard Business School's Asia-Pacific Advisory Board and was a Research Scholar at Central Bank of Indonesia Institute. He was appointed as a member of the Investment Committee of the Croucher Foundation in Hong Kong in January 2015. He was the Executive Director of the Harvard Business School Asia Pacific Research Center, the first international research office established by the Harvard Business School. Prior to joining the Center in October 2005, he worked in both the private and public sectors. Previously, he served as Head of the Risk Management Unit of the Private Sector Operations Department of the Asian Development Bank, Head of International Private Banking in Hong Kong of Standard Chartered Bank, and Regional Director of National Westminster Bank in addition to senior positions at Citibank. He served on the boards of a number of companies invested by Asian Development Bank. He also wrote cases and taught at various educational entities and universities.

Dr. CHEN graduated with a BA (Honors) Degree in Economics from the University of California, Berkeley in the U.S.A., received an MBA from Harvard University in the U.S.A. in 1972 and obtained a PhD in Economics from Cornell University in the U.S.A. in 1973.

### Nobuo OYAMA

Mr. Nobuo OYAMA, aged 67, was appointed as an Independent Non-executive Director of Value Partners Group Limited since 22 October 2007.

Mr. OYAMA is currently an Adviser to Funai Kosan, Co., Ltd., Japan. Previously, he had over 30 years' experience in financial operations across Japan, United Kingdom and Hong Kong for Nichimen Corporation, Japan, including the Managing Director of Nichimen Co., (Hong Kong) Ltd. and Sojitz Trade & Investment Services (Hong Kong) Ltd. After leaving Nichimen/Sojitz Group, Mr. OYAMA served as a board member etc. of various venture companies, including PreXion Corporation, Japan, Yappa Corporation, Japan and TeraRecon Inc., USA. He was also the founder and Managing Director of Asiavest Co., Ltd., Japan. From 2019, he takes charge of start-up financing at AIBS Business School, Tokyo.

In 2014, Mr. OYAMA was conferred the title of "Pingat Kelakuan Terpuji" (PKT) by the government of Penang, Malaysia. During 2013 to 2019, appointed by Invest-in-Penang Berhad, the state government agency, he acted as "Honorary Industry Expert – Development of SMEs in Penang" to attract Japanese SMEs to invest in the state.

Mr. OYAMA received a Bachelor's degree in Economics from the Kobe University in Japan, and was awarded a Master's degree in Business Administration from Asia University, Tokyo, Japan. Mr. OYAMA is a Chartered Member of the Securities Analysts Association of Japan (CMA®).

### WONG Poh Weng

Mr. WONG Poh Weng, aged 68, was appointed as an Independent Non-executive Director of Value Partners Group Limited since 14 August 2018.

Mr. WONG has over 40 years of experience in professional accounting firms, and is currently the Chairman of RSM Hong Kong, the Chairman of the RSM Asia Pacific Executive Committee and a member of the RSM International Board of Directors. Mr. WONG has been a partner of RSM Hong Kong since 1986 and has served in various capacities in the RSM International Network. He started his career at Coopers & Lybrand, London in 1972, qualified as a Chartered Accountant in 1976 and was seconded to Coopers and Lybrand Hong Kong in 1978.

Mr. WONG graduated with a Bachelor of Science degree from University of Essex in United Kingdom. He has been a fellow member of the Hong Kong Institute of Certified Public Accountants since 1986 and a fellow member of the Institute of Chartered Accountants in England and Wales since 1983.



## Biographies of directors and senior management

### Other senior management members

#### *Investment Management Team*

##### **IP Ho Wah Gordon CFA**

Chief Investment Officer, Fixed Income

Mr. Gordon IP, aged 50, is Chief Investment Officer, Fixed Income of Value Partners, where he oversees the firm's credit and fixed income investments and portfolio management. He has over 26 years of experience investing across fixed income sectors. Mr. IP joined Value Partners in August 2009 as a Fund Manager and was promoted to the roles of Senior Fund Manager and Investment Director in 2015 and 2016, respectively. In July 2017, he was promoted to his current role.

Over the years, Mr. IP has received numerous industry accolades, including the "CIO of the Year (Fixed Income)" in both Asia and Hong Kong, by *Insights & Mandates* Professional Investment Awards 2020, "Fund Manager of the Year – Fixed Income High Yield (Greater China)" by *The Asset* Triple A Awards 2019, "Manager of the Year (High Yield Fixed Income)" by *Benchmark's* Fund of the Year Awards 2018 and 2017. In addition, he was selected as one of the highly commended Astute Investors in Asian G3 bonds in Hong Kong, awarded by *The Asset* Benchmark Research Awards 2019. He was ranked among The Top Astute Investors in the same category since 2014.

Prior to joining Value Partners, Mr. IP was a Director at HSBC Private Bank in Hong Kong, overseeing its fixed income advisory business. Before relocating to Hong Kong in 2008, he served at Prudential Fixed Income Management in the United States for four years, specializing in relative value and credit analysis of securitized products. Besides performing security selection, he was also involved in the day-to-day management and performance attribution of fixed income portfolios. Prior to Prudential, he was a Vice President in Fixed Income Research at Salomon Smith Barney in New York, contributing to the analysis and structuring of active as well as passive fixed income portfolios for many Fortune 500 companies, sovereign wealth funds and Asian government agencies. Mr. IP started his career as an analyst at Goldman Sachs' fixed income, currency and commodity division in Hong Kong in 1995.

Mr. IP holds a Master's degree in Financial Mathematics from the University of Chicago and a Master's degree in Engineering from Cornell University in the United States. He is a CFA charterholder.

##### **TENG An Chi, Angel**

Managing Director

Chief Strategy Officer

Ms. Angel TENG, aged 30, is Managing Director and Chief Strategy Officer of Value Partners. She is responsible for designing, planning and leading execution on strategic growth initiatives and building strategic partnerships of the Group.

Ms. TENG joined Value Partners in September 2019. Prior to joining Value Partners, she worked at McKinsey & Company as an Engagement Manager, and HSBC as a Management Trainee. She has broad experience in strategy planning, particularly for financial institutions including asset managers, multi-national banks, regional banks and other non-bank financial institutions in Hong Kong, Taiwan and China. She has led strategy and transformation projects in core functions of businesses, such as sales and distribution, business development, marketing and operations.

Ms. TENG graduated with a Bachelor's degree in Economics from the National Taiwan University and a Master's degree in Business Administration from the University of Cambridge.

## Biographies of VPG Directors and Senior Management

### TSUI Fook Wang, Frank

Senior Fund Manager

Managing Director, Head of ESG Investment

Mr. Frank TSUI, aged 40, is a senior member of the Value Partners Research and Portfolio Management Team. He is responsible for the Group's investment process and strategies, as well as investment team's communications. He has over 18 years of financial industry experience.

As the Head of ESG Investment, Mr. TSUI is responsible for leading the Group's environmental, social and governance policy, as well as integrating ESG factors into the investment process.

Mr. TSUI joined Value Partners in September 2015 as a Fund Manager, and was promoted to Senior Fund Manager in 2019. He was appointed as the Head of ESG Investment in November 2020. Prior to joining Value Partners, he was a Director at UBS Wealth Management responsible for portfolio management for ultra-high-net-worth investors. Before joining UBS, he was a Vice President with Merrill Lynch Global Wealth Management where he was responsible for managed products and equities advisory for North Asia business. Earlier, he was Head of Investment Centre, Direct Business at J.P. Morgan Asset Management.

Mr. TSUI graduated from the Max M. Fisher College of Business, The Ohio State University in the United States, with a Bachelor's degree in Finance and Economics.

### *Business Management Team*

### CHEUNG Wan May Wimmie

General Counsel

Ms. Wimmie CHEUNG, aged 45, is Value Partners' General Counsel. She leads the legal team and oversees all legal affairs for the Group.

Ms. CHEUNG is an experienced legal professional with over 20 years in the field. She joined Value Partners in August 2005 as Legal Advisor. She was promoted to Senior Legal Advisor in 2007 and Head of Legal in 2010. Prior to joining Value Partners, Ms. CHEUNG was a Corporate Counsel with a group of companies listed on the Main Board of the Stock Exchange of Hong Kong Limited.

Ms. CHEUNG received her Master of Laws (LL.M) from the University of London and obtained her Postgraduate Certificate in Laws (P.C.LL) from the University of Hong Kong.

### GUAN Wei, Gary

Co-Head of China Business

Mr. Gary GUAN, aged 46, is Co-Head of China Business of Value Partners. He is responsible for leading and developing the Group's institution business in mainland China. He is among the first batch of professionals to work in China's mutual fund industry and brings over 20 years of fund industry experience. He has extensive and broad knowledge of funds and investment products, combined with strong institutional and distribution networks.

Mr. GUAN joined Value Partners in April 2013 as General Manager, and has been in charge of the sales function in mainland China. Prior to joining Value Partners, he was Assistant General Manager at Goldstate Value Partners Fund Management, leading the firm's sales team. Before that, he was Head of Marketing at Mingsheng Royal Fund Management and Changsheng Fund Management, responsible for the sales and marketing functions.

Mr. GUAN holds a Bachelor's degree in International Finance from Renmin University of China and a Master's degree in Finance from Capital University of Economics and Business in Beijing.

## Biographies of directors and senior management

### LEE Vivienne

#### Chief Compliance Officer

Ms. Vivienne LEE, aged 47, is Chief Compliance Officer of Value Partners, where she oversees the Group's compliance function.

Ms. LEE has broad experience in the industry with a particular focus on compliance functions and scope, expertise in regulatory statutes, as well as other related functions. She joined the Group in May 2004 as an Assistant Compliance Manager. She was promoted to the roles of Compliance Manager, Senior Manager of Compliance and Compliance Director in 2004, 2005 and 2008, respectively. In May 2012, she was promoted to Chief Compliance Officer.

Previously, she was an Assistant Manager with the Hong Kong Securities and Futures Commission, responsible for monitoring and inspecting portfolios of licensed intermediaries. Prior to that, she was a staff accountant in Ernst & Young, responsible for providing financial audit and business advisory services to a number of companies.

Ms. LEE graduated from the University of New South Wales in Australia with a Bachelor's degree in Economics. She is a member of the CPA Australia.

### TSANG Tak Ming, Wallace CFA

#### Managing Director

#### Regional Head, Intermediary Business, Asia Pacific

Mr. Wallace TSANG, aged 44, is Regional Head of Intermediary Business, Asia Pacific of Value Partners, where he is responsible for overseeing the management and development of fund distribution business in the Asia Pacific region.

Mr. TSANG brings over 20 years of experience across asset management and financial services industry. He joined Value Partners in July 2008 as a Senior Sales Manager and was appointed as Managing Director, Intermediary Business, in 2012. In December 2019, he was promoted to his current role. Under his leadership, he helps the Company to extend of its reach into the intermediary market and the private banking industry.

Prior to joining Value Partners, Mr. TSANG worked at Pioneer Investment Management covering North Asia region's fund distribution business. He also gained valuable experience at Citibank Hong Kong as an Investment Consultant of Citigold and various wealth management companies.

Mr. TSANG has been a member on the Executive Committee of the Hong Kong Investment Funds Association ("HKIFA") since September 2018. He holds a Bachelor's degree in Environment Science from The Chinese University of Hong Kong. He is a CFA charterholder.

### WENG Yimin, Joyce CFA

#### Managing Director, Institutional Business

Ms. Joyce WENG, aged 32, is Managing Director of Institutional Business of Value Partners. She oversees the management and development of institutional business among investors in the Asia Pacific region and in the United States.

Ms. WENG joined Value Partners in November 2017 as a Director of Institutional Business, and was promoted to Senior Director in 2020. In January 2021, she has been promoted to her current role. Prior to joining Value Partners, she was with CSOP Asset Management Limited in Hong Kong, leading the firm's sales and marketing for active investment strategies, covering institutional clients and private banking and retail distributions in Hong Kong, Taiwan, Singapore and Europe. Before that, she was a senior relationship manager at State Street Global Advisors Asia Limited in Hong Kong, developing and managing relationships with institutional clients across Hong Kong, Taiwan and Korea. She started her career in the Sales and Marketing Department at China Asset Management (HK) Limited.

Ms. WENG graduated from The University of Hong Kong with a Bachelor's degree in Economics and Finance. She is a CFA charterholder.

## Biographies of VPG Directors and Senior Management

### WONG Ngai Sze, Icy

#### Chief Financial Officer and Chief Administrative Officer

Ms. Icy WONG, aged 43, serves a dual role as Chief Financial Officer and Chief Administrative Officer of Value Partners Group. She leads the Group's financial, investor relations and administrative functions. In addition, she also oversees the business operations of the Group.

Ms. WONG has over 18 years of experience in the asset management and financial services industry, particularly with regard to financial management, corporate management and operation. She joined Value Partners in 2008 as a Finance Manager and was promoted over the years to oversee the finance division. She was appointed Chief Financial Officer in 2017 and was promoted to Chief Financial Officer and Chief Administrative Officer in May 2020.

Prior to joining Value Partners, Ms. WONG worked at Ernst & Young and PricewaterhouseCoopers, covering assurance and advisory business service.

Ms. WONG graduated with a Bachelor's degree in Commerce, Accounting and Finance from the University of New South Wales in Australia. She is a member of the Hong Kong Institute of Certified Public Accountants and a holder of Financial Risk Manager ("FRM").

### ZHONG Junjie, William

#### Co-Head of China Business

Mr. William ZHONG, aged 50, is Managing Director and Co-Head of China Business of Value Partners. He oversees the Group's mainland China business and is responsible for all retail distribution and business development in China. He provides strategic leadership on applications for setting up the Group's mutual fund company in China.

Mr. ZHONG joined Value Partners in January 2021. He brings over 25 years of experience in the Chinese asset management industry, and has broad experience in fund distribution and management. Prior to joining Value Partners, Mr. ZHONG was Managing Director at Harvest Fund Management, where he headed up multiple business departments, including China retail business, group investment consultant relationships and group marketing planning.

Mr. ZHONG holds a Master's degree in Business Administration from Peking University's Guanghua School of Management, and a Bachelor's degree in Economics from Beijing Normal University.

# Report of the directors

The Board of Directors (the “Board” or the “Directors”) of Value Partners Group Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

## Principal activities

The Company is an investment holding company. The Group is principally engaged in value-oriented asset management businesses. The activities of its principal subsidiaries are set out in Note 15.1 to the consolidated financial statements.

## Results

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on page 80.

## Dividend

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of HK26.0 cents per share and a special dividend of HK8.0 cents per share for the year ended 31 December 2020 to the shareholders whose names are registered on the register of members of the Company on 10 May 2021. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2021, the final and special dividends will be payable on or about 25 May 2021. Dividend per share is declared based on the Group’s Dividend Policy.

## Summary of results, assets and liabilities

Summary of results, assets and liabilities for the years of 2016 to 2020 are set out on page 3 of this report.

## Share issued in the year

Details of the shares issued in the year ended 31 December 2020 are set out in Note 26 to the consolidated financial statements.

## Reserves

In addition to the retained earnings of the Company, the share premium account which is included in issued equity, and other reserves of the Company as set out in Note 37 to the consolidated financial statements, are also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid in accordance with the Companies Law of the Cayman Islands.

As at 31 December 2020, the Company’s distributable reserve was HK\$3,205,774,000.

## Charitable contributions

During the year, the Group made charitable contributions totalling HK\$399,000.



## Board of Directors

During the year ended 31 December 2020 and up to the date of this report the Board comprised:

### Executive Directors

Dato' Seri CHEAH Cheng Hye (*Co-Chairman*)

Mr. SO Chun Ki Louis (*Co-Chairman*)

Ms. HUNG Yeuk Yan Renee

Mr. HO Man Kei, Norman

### Independent Non-executive Directors

Dr. CHEN Shih-Ta Michael

Mr. Nobuo OYAMA

Mr. WONG Poh Weng

In accordance with article 87 of the Company's articles of association, Dato' Seri CHEAH Cheng Hye, Ms. HUNG Yeuk Yan Renee and Mr. Nobuo OYAMA will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Company considers all of the Independent Non-executive Directors are independent.

Biographical details of the Directors as at the date of this annual report are set out on pages 25 to 31.

## Directors' service contracts

The service contract of Executive Directors can be terminated in accordance with the provisions of the service contract or, throughout the term of the appointment, by either party giving to the other party not less than six months' prior notice in writing (other than Ms. HUNG Yeuk Yan Renee and Mr. HO Man Kei, Norman whose notice period are three months).

Each of the Independent Non-executive Directors has entered into a service contract with the Company for one year commencing on 22 November 2020 and either the Company or the Independent Non-executive Director may terminate the appointment by giving at least three months' notice in writing.

None of the Directors have entered or have proposed to enter into any service agreement with the Company or any member of the Group which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## Report of the directors

### Directors' interests in shares, underlying shares and debentures

As at 31 December 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the "SFO")) which had notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which had required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

#### (a) Long position in shares of the Company ("Shares")

Name of Director	Nature of interest	Number of Shares	Approximate percentage of issued Shares (For number of Shares only)	Number of Shares in which the Directors hold under the share option schemes <sup>(3)</sup>	Approximate percentage of issued Shares (For the aggregate number of Shares and the underlying Shares under the share option schemes)
Dato' Seri CHEAH Cheng Hye	Founder of trust/beneficial <sup>(1)</sup>	403,730,484	21.76%	–	21.76%
	Beneficial	60,733,516	3.27%	58,475,000	6.42%
Mr. SO Chun Ki Louis	Beneficial	15,765,723	0.84%	57,552,000	3.95%
Ms. HUNG Yeuk Yan Renee	Founder of trust <sup>(2)</sup>	16,870,583	0.90%	–	0.90%
	Beneficial	1,200,000	0.06%	23,486,000	1.33%
Mr. HO Man Kei, Norman	Beneficial	13,621,132	0.73%	23,506,000	2.00%
Dr. CHEN Shih-Ta Michael	Beneficial	–	–	850,000	0.04%
Mr. Nobuo OYAMA	Beneficial	500,000	0.02%	650,000	0.06%
Mr. WONG Poh Weng	Beneficial	–	–	350,000	0.01%

#### Notes:

- (1) These Shares are directly held by Cheah Capital Management Limited ("CCML") which is wholly-owned by Cheah Company Limited ("CCL") which is in turn wholly-owned by BNP Paribas Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited as trustee for a discretionary trust, the discretionary objects of which include Dato' Seri CHEAH Cheng Hye and certain members of his family. For the purposes of the SFO, Dato' Seri CHEAH Cheng Hye is the founder of this trust. The ultimate holding company of BNP Paribas Jersey Trust Corporation Limited is BNP Paribas SA.
- (2) These Shares are directly held by Bright Starlight Limited which is wholly-owned by Scenery Investments Limited which is in turn wholly-owned by East Asia International Trustees Limited, a company incorporated in the British Virgin Islands, as trustee for a discretionary trust, the discretionary objects of which include certain members of the family of Ms. HUNG Yeuk Yan Renee.
- (3) The number of underlying Shares in which the Directors hold under the share option schemes are detailed in "Share options" section below.

## (b) Interest in associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of shares	Approximate percentage of issued shares of the relevant associated corporation
Dato' Seri CHEAH Cheng Hye	Value Partners Strategic Equity Fund	Beneficial	74,000 non-voting shares	0.49% of the total issued non-voting shares
Ms. HUNG Yeuk Yan Renee	Value Partners Strategic Equity Fund	Beneficial	10,000 non-voting shares	0.07% of the total issued non-voting shares
Mr. HO Man Kei, Norman	Value Partners Strategic Equity Fund	Beneficial	10,000 non-voting shares	0.07% of the total issued non-voting shares

## (c) Share options

The Company adopted a share option scheme on 24 October 2007 (and as amended on 15 May 2008) and expired on 24 October 2017 (the "2007 Share Option Scheme"). All outstanding options granted under the 2007 Share Option Scheme will continue to be valid and exercisable in accordance with the principal terms of the 2007 Share Option Scheme. The Company adopted a new share option scheme at the annual general meeting held on 4 May 2017 (the "2017 Share Option Scheme"). A summary of the movements of the outstanding share options during the year ended 31 December 2020 is as follows:

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	Number of Share Options				
				As at 01/01/2020	Granted	Exercised	Lapsed	As at 31/12/2020
Dato' Seri CHEAH Cheng Hye	17/06/2015 <sup>(3)</sup>	17/12/2015–16/12/2021	14.092	18,873,333	–	–	–	18,873,333
		17/12/2016–16/12/2021	14.092	18,873,333	–	–	–	18,873,333
		17/12/2017–16/12/2021	14.092	18,873,334	–	–	–	18,873,334
	23/11/2020	23/05/2022–22/08/2026	4.14	–	927,500	–	–	927,500
23/11/2023–22/08/2026		4.14	–	927,500	–	–	927,500	
Mr. SO Chun Ki Louis	12/05/2015	12/05/2018–11/11/2021	13.60	1,716,666	–	–	–	1,716,666
		12/05/2019–11/11/2021	13.60	1,716,666	–	–	–	1,716,666
		12/05/2020–11/11/2021	13.60	1,716,668	–	–	–	1,716,668
	17/06/2015	17/12/2015–16/12/2021	14.092	3,413,333	–	–	–	3,413,333
		17/12/2016–16/12/2021	14.092	3,413,333	–	–	–	3,413,333
		17/12/2017–16/12/2021	14.092	3,413,334	–	–	–	3,413,334
	15/10/2018	15/04/2019–14/04/2025	5.87	6,000,000	–	–	–	6,000,000
		15/04/2020–14/04/2025	5.87	6,000,000	–	–	–	6,000,000
		15/04/2021–14/04/2025	5.87	6,000,000	–	–	–	6,000,000
	23/11/2020	23/05/2022–22/08/2026	4.14	–	12,081,000	–	–	12,081,000
23/11/2023–22/08/2026		4.14	–	12,081,000	–	–	12,081,000	

## Report of the directors

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	Number of Share Options				
				As at 01/01/2020	Granted	Exercised	Lapsed	As at 31/12/2020
Ms. HUNG Yeuk Yan Renee	12/05/2015	12/05/2018–11/11/2021	13.60	1,016,666	–	–	–	1,016,666
		12/05/2019–11/11/2021	13.60	1,016,666	–	–	–	1,016,666
		12/05/2020–11/11/2021	13.60	1,016,668	–	–	–	1,016,668
	17/06/2015	17/12/2015–16/12/2021	14.092	2,373,333	–	–	–	2,373,333
		17/12/2016–16/12/2021	14.092	2,373,333	–	–	–	2,373,333
		17/12/2017–16/12/2021	14.092	2,373,334	–	–	–	2,373,334
	23/11/2020	23/05/2022–22/08/2026	4.14	–	6,658,000	–	–	6,658,000
		23/11/2023–22/08/2026	4.14	–	6,658,000	–	–	6,658,000
	Mr. HO Man Kei, Norman	12/05/2015	12/05/2018–11/11/2021	13.60	776,666	–	–	–
12/05/2019–11/11/2021			13.60	776,666	–	–	–	776,666
12/05/2020–11/11/2021			13.60	776,668	–	–	–	776,668
17/06/2015		17/12/2015–16/12/2021	14.092	2,620,000	–	–	–	2,620,000
		17/12/2016–16/12/2021	14.092	2,620,000	–	–	–	2,620,000
		17/12/2017–16/12/2021	14.092	2,620,000	–	–	–	2,620,000
23/11/2020		23/05/2022–22/08/2026	4.14	–	6,658,000	–	–	6,658,000
		23/11/2023–22/08/2026	4.14	–	6,658,000	–	–	6,658,000
Dr. CHEN Shih-Ta Michael		31/05/2012	31/12/2013–30/05/2022	3.94	66,667	–	–	–
	31/05/2014–30/05/2022		3.94	66,667	–	–	–	66,667
	31/05/2015–30/05/2022		3.94	66,666	–	–	–	66,666
	17/06/2015	17/12/2015–16/12/2021	14.092	100,000	–	–	–	100,000
		17/12/2016–16/12/2021	14.092	100,000	–	–	–	100,000
		17/12/2017–16/12/2021	14.092	100,000	–	–	–	100,000
	23/11/2020	23/05/2022–22/08/2026	4.14	–	175,000	–	–	175,000
		23/11/2023–22/08/2026	4.14	–	175,000	–	–	175,000

## Report of the directors

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	Number of Share Options				As at 31/12/2020
				As at 01/01/2020	Granted	Exercised	Lapsed	
Mr. Nobuo OYAMA	17/06/2015	17/12/2015–16/12/2021	14.092	100,000	-	-	-	100,000
		17/12/2016–16/12/2021	14.092	100,000	-	-	-	100,000
		17/12/2017–16/12/2021	14.092	100,000	-	-	-	100,000
	23/11/2020	23/05/2022–22/08/2026	4.14	-	175,000	-	-	175,000
		23/11/2023–22/08/2026	4.14	-	175,000	-	-	175,000
Mr. WONG Poh Weng	23/11/2020	23/05/2022–22/08/2026	4.14	-	175,000	-	-	175,000
		23/11/2023–22/08/2026	4.14	-	175,000	-	-	175,000
Employees	31/05/2012	31/05/2013–30/05/2022	3.94	100,000	-	-	-	100,000
		31/05/2014–30/05/2022	3.94	100,000	-	-	-	100,000
		31/05/2015–30/05/2022	3.94	100,000	-	-	-	100,000
	12/05/2015	12/05/2018–11/11/2021	13.60	3,859,995	-	-	-	3,859,995
		12/05/2019–11/11/2021	13.60	3,859,995	-	-	-	3,859,995
		12/05/2020–11/11/2021	13.60	3,860,010	-	-	-	3,860,010
	17/06/2015	17/12/2015–16/12/2021	14.092	1,656,660	-	-	(33,333)	1,623,327
		17/12/2016–16/12/2021	14.092	1,656,660	-	-	(33,333)	1,623,327
		17/12/2017–16/12/2021	14.092	1,656,680	-	-	(33,334)	1,623,346
	15/10/2018	15/04/2019–14/04/2025	5.87	3,166,666	-	-	(500,000)	2,666,666
		15/04/2020–14/04/2025	5.87	3,166,666	-	-	(500,000)	2,666,666
		15/04/2021–14/04/2025	5.87	3,166,668	-	-	(500,000)	2,666,668
	23/11/2020	23/05/2022–22/08/2026	4.14	-	11,865,000	-	-	11,865,000
23/11/2023–22/08/2026		4.14	-	11,865,000	-	-	11,865,000	



## Report of the directors

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	Number of Share Options				
				As at 01/01/2020	Granted	Exercised	Lapsed	As at 31/12/2020
Other <sup>(4)</sup>	17/06/2015	17/12/2015–13/08/2020	14.092	100,000	-	-	(100,000)	-
		17/12/2016–13/08/2020	14.092	100,000	-	-	(100,000)	-
		17/12/2017–13/08/2020	14.092	100,000	-	-	(100,000)	-
Total				137,820,000	77,429,000	-	(1,900,000)	213,349,000

### Notes:

- The closing prices of the Shares immediately before the share options granted on 31 May 2012, 12 May 2015, 17 June 2015, 15 October 2018 and 23 November 2020 were HK\$3.90, HK\$13.68, HK\$13.50, HK\$5.87 and HK\$4.14 respectively.
- No share option was cancelled during the year.
- Out of a total of 56,620,000 share options, the grant of 54,800,000 share options to Dato' Seri CHEAH was approved in the extraordinary general meeting of the Company held on 27 July 2015.
- An amount of 300,000 share options were granted to Mr. LEE Siang Chin on 17 June 2015. He resigned as an Independent Non-executive Director with effect from 14 August 2018. The Board, pursuant to the 2007 Share Option Scheme, approved to extend the exercise period of Mr. Lee's share options for two years from the effective date of his resignation.

Save as disclosed above, at no time during the year was the Company or its subsidiaries a party to any arrangement that enabled the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

All the options forfeited before expiry of the 2007 and 2017 Share Option Schemes will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Scheme.

## Substantial shareholders' interests

As at 31 December 2020, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

## Long position in the shares under the SFO

Name	Nature of interest	Number of Shares	Approximate percentage of issued Shares (For number of Shares only)	Number of underlying Shares under the share option schemes	Approximate percentage of issued Shares (For the aggregate number of Shares and the underlying Shares under the share option schemes)
Ms. TO Hau Yin <sup>(1)</sup>	Spouse	464,464,000	25.03%	58,475,000	28.18%
Mr. YEH V-Nee	Beneficial	298,805,324	16.10%	–	16.10%
Mrs. YEH Mira <sup>(2)</sup>	Spouse	298,805,324	16.10%	–	16.10%
Cheah Capital Management Limited <sup>(3)</sup>	Beneficial	403,730,484	21.76%	–	21.76%
Cheah Company Limited <sup>(3)</sup>	Corporate	403,730,484	21.76%	–	21.76%
BNP Paribas Jersey Nominee Company Limited <sup>(3)</sup>	Nominee	403,730,484	21.76%	–	21.76%
BNP Paribas Jersey Trust Corporation Limited <sup>(3)</sup>	Trustee	403,730,484	21.76%	–	21.76%
Haitong Securities Co., Ltd. <sup>(4)</sup>	Corporate	189,105,000	10.19%	–	10.19%

### Notes:

- (1) Ms. TO Hau Yin is the spouse of Dato' Seri CHEAH Cheng Hye.
- (2) Mrs. YEH Mira is the spouse of Mr. YEH V-Nee.
- (3) Cheah Capital Management Limited ("CCML") is wholly-owned by Cheah Company Limited ("CCL") which in turn is wholly-owned by BNP Paribas Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited as trustee for a discretionary trust, the discretionary objects of which include Dato' Seri CHEAH Cheng Hye and certain members of his family. For the purposes of the SFO, Dato' Seri CHEAH Cheng Hye is the founder of this trust. The ultimate holding company of BNP Paribas Jersey Trust Corporation Limited is BNP Paribas SA.
- (4) Haitong Securities Co., Ltd. is deemed to be interested in the 189,105,000 Shares pursuant to the SFO, among which (i) 1,193,000 Shares are held by Haitong International Securities Company Limited; and (ii) 187,912,000 Shares are held by West Ridge Investment Company Limited. Each of Haitong International Financial Solutions Limited, Haitong International Securities Group Limited and West Ridge Investment Company Limited is an indirect wholly-owned subsidiary of Haitong International Securities Group Limited (a company listed on the Main Board of the Stock Exchange with stock code 665), which is in turn indirectly owned as to 64.40% by Haitong Securities Co., Ltd.

## Directors' interest in contracts of significance

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or entities connected with any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

# Report of the directors

## Share options

The 2007 Share Option Scheme was adopted by the sole shareholder's written resolution of the Company dated 24 October 2007 (and as amended on 15 May 2008) and expired on 24 October 2017. All outstanding options granted under the 2007 Share Option Scheme will continue to be valid and exercisable in accordance with the principal terms of the 2007 Share Option Scheme. The Company adopted a new share option scheme at an annual general meeting of the Company held on 4 May 2017 (the "2017 Share Option Scheme"). A summary of the principal terms of the 2017 Share Option Scheme is set out below.

### 1. Purpose of the 2017 Share Option Scheme

To reward Participants as defined in item 2 below who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

### 2. Participants of the 2017 Share Option Scheme

Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

### 3. Total number of Shares available for issue under the 2017 Share Option Scheme and percentage of issued share capital as at the date of this Annual Report

185,171,483 shares (9.98%)

### 4. Maximum entitlement of each participant under the 2017 Share Option Scheme

In any 12-month period, in aggregate not over:

- (a) 1% of the issued share capital (excluding substantial shareholders and Independent Non-executive Directors).
- (b) 0.1% of the issued share capital and exceeding HK\$5 million in aggregate value (for substantial shareholders and Independent Non-executive Directors).

Such further grant of options shall be subject to prior approval by a resolution of the Shareholders.

### 5. The period within which the Shares must be taken up under an option

In respect of any particular option, the period to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant.

### 6. The minimum period for which an option must be held before it can be exercised

Nil

### 7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

Upon acceptance of the option, the grantee shall inform the Company together with HK\$1 by way of consideration for the grant within 28 days from the date of offer.

### 8. The basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

### 9. The remaining life of the 2017 Share Option Scheme

The Share Option Scheme will remain valid until 3 May 2027.

## Connected transactions and continuing connected transactions

During the year, the Company did not have any connected transactions and continuing connected transactions which were subject to the disclosure requirements of the Listing Rules. The related-party transactions as disclosed in Note 36 did not fall under the definition of connected transactions or continuing connected transactions in the Listing Rules.

## Disclosure of information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of the Directors are as follows:

- The monthly salary of Dato' Seri CHEAH Cheng Hye was revised from HK\$415,805 to HK\$417,880 with effect from 1 January 2021.
- The monthly salary of Mr. SO Chun Ki Louis was revised from HK\$426,200 to HK\$428,330 with effect from 1 January 2021.
- The monthly salary of Ms. HUNG Yeuk Yan Renee was revised from HK\$235,000 to HK\$236,180 with effect from 1 January 2021.
- The monthly salary of Mr. HO Man Kei, Norman was revised from HK\$235,000 to HK\$236,180 with effect from 1 January 2021.

## Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## Directors' and the five highest-paid individuals' emoluments

The Directors' fees and remuneration and the emoluments of the five highest-paid individuals are disclosed in Note 8 and Note 38 to the consolidated financial statements. The emoluments of the Directors are determined with regard to their duties and responsibilities, the Company's performance, prevailing market conditions and after considering the market emoluments for Directors of other listed companies.



## Report of the directors

### Pension schemes

Pension costs for the year are set out in Note 8 to the consolidated financial statements.

### Sufficiency of public float

As at the latest practicable date prior to the issue of this annual report, to the best knowledge of the Directors and based on the information publicly available to the Company, there is a sufficient public float as required by the Listing Rules.

### Purchase, redemption or sale of listed shares of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year. The Board may exercise its powers to buy back the shares in the open market under the general mandate to buy back shares when the trading price of the shares does not reflect their intrinsic value.

### Pre-emptive rights

There is no provision for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the Companies Law in the Cayman Islands.

### Major customers and suppliers

The Group's five largest customers (in terms of AUM as of 31 December 2020) accounted for 14% of the Group's total fee income, and the Group's five largest suppliers accounted for 38% of the Group's distribution fee expenses for the year ended 31 December 2020.

The Group's largest customer (in terms of AUM as at the end of year) accounted for approximately 1% of the Group's total fee income whereas the Group's largest supplier accounted for approximately 10% of total distribution fee expenses for the year ended 31 December 2020.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's top five largest customers or suppliers.

### Business review

The business reviews of the Group for the year ended 31 December 2020 is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Financial review", "Corporate governance report", "Environmental, social and governance report" and "Consolidated financial statements" of this Annual Report.

Certain laws and regulations are considered to have a significant impact on the operations of the Group, such as, the Securities and Futures Ordinance and ancillary regulations, the SFC Handbook on Unit Trusts and Mutual Funds, and the Fund Manager Code of Conduct, Anti-Money laundering legislation and the Guideline on Anti-Money Laundering published by the SFC, Personal Data (Privacy) Ordinance. The Legal and Compliance department is primarily responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory frameworks within which the Group operates. During the year, there has been no reported case/finding of any non-compliance of such relevant laws and regulations that caused material impact to the Group. The discussions of ESG matters are summarized in the "Environmental, social and governance report".

## Disclosures on risk management and environmental policies

Details of disclosures on risk management and environmental policies are set out in the “Corporate governance report” and the “Environmental, social and governance report” of this Annual Report.

## Auditor

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for reappointment.

A resolution to re-appoint PricewaterhouseCoopers as auditor of the Company will be submitted at the forthcoming annual general meeting of the Company.

On behalf of the Board

**Dato’ Seri CHEAH Cheng Hye**

*Co-Chairman and Co-Chief Investment Officer*

Hong Kong, 11 March 2021

# Corporate governance report

The Board of Directors of the Company (the “Board” or “Directors”) strives to attain and maintain high standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of shareholders, clients and other stakeholders. In running a regulated business, the Group adopts sound corporate governance principles that emphasize a quality Board, effective risk management and internal control, stringent compliance practices and transparency and accountability to all stakeholders.

In the Directors’ opinion, the Company has complied with the code provisions (except CG Code A.2.1 as stated below) set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the year of 2020. The Company continued to maintain high standards of corporate governance and business ethics, and to ensure the full compliance of our operations with applicable laws and regulations.

## Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the Model Code by the Directors during the year of 2020. The blackout periods in respect of transactions in securities of the Company by Directors also apply to all staff of the Group.

## Board of Directors

The Board of which over one third of the Board members are Independent Non-executive Directors, is responsible for overseeing and directing the senior management of the Company. The major duties of the Board include:

- Formulating the vision of the Group;
- Reviewing and approving the interim and final results of the Group;
- Recommending any final and special dividends to the shareholders of the Group;
- Reviewing and approving, if considered fit, the business plans and financial budgets of the Group;
- Reviewing the business and financial updates of the Group;
- Ensuring a high standard of corporate governance, compliance, risk management and internal control; and
- Overseeing the performance of senior management.

In 2020, the Board reviewed the following corporate governance matters:

- reviewing the compliance with the CG Code; and
- conducting an annual review of the risk management and internal control systems of the Group.

All Directors have separate and independent access rights to the senior management about the conduct of the business and development of the Company. In order to facilitate the Directors in discharging their duties, a flash report and follow by a comprehensive monthly management report incorporating financial highlights, performance fee analysis, management fee analysis, expenses analysis, fund flows summary, major net fund flow by strategy, net fund flow by channel, treasury operations performance and segment information has been circulated to the Directors. The flash report and the management report would be released to the Directors as soon as practicable after the month end.

The Board held 5 meetings in 2020 and the attendance record of each Director at the board meetings is set out below:

	No. of board meetings attended/held
<b>Executive Directors</b>	
Dato' Seri CHEAH Cheng Hye ( <i>Co-Chairman</i> )	5/5
Mr. SO Chun Ki Louis ( <i>Co-Chairman</i> )	5/5
Ms. HUNG Yeuk Yan Renee	5/5
Mr. HO Man Kei, Norman	5/5
<b>Independent Non-executive Directors</b>	
Dr. CHEN Shih-Ta Michael	4/5
Mr. Nobuo OYAMA	5/5
Mr. WONG Poh Weng	5/5

The Group ensures that appropriate and sufficient information is provided to Directors in a timely manner to keep them abreast of the Group's latest developments thereby assisting them in the discharge of their duties.

Both Co-Chairmen had regular meetings with the Independent Non-executive Directors without the presence of Executive Directors in 2020.

To the best knowledge of the Directors, the Board is not aware of any financial, business, family or other material/relevant relationships among the Board members. All the Directors had received training/briefing which covered topics in directors' duties and liabilities, continuing obligations of a listed company, corporate governance and compliance issues after their appointments. Ongoing updates of any applicable laws and regulations were provided by the Company to the Directors in a reasonable time frame.



## Corporate governance report

According to the records provided by the Directors, a summary of training received by the Directors during 2020 is as follows:

	Type of continuous professional development programmes (Note)
<b>Executive Directors</b>	
Dato' Seri CHEAH Cheng Hye ( <i>Co-Chairman</i> )	A, B
Mr. SO Chun Ki Louis ( <i>Co-Chairman</i> )	A, B
Ms. HUNG Yeuk Yan Renee	A, B
Mr. HO Man Kei, Norman	A, B
<b>Independent Non-executive Directors</b>	
Dr. CHEN Shih-Ta Michael	A, B
Mr. Nobuo OYAMA	A, B
Mr. WONG Poh Weng	A, B

*Note:*

- A: Attending seminars/webinar and/or courses relating to updates and development on fund management business
- B: Reading materials relating to regulatory and industry updates

Each of the Executive Directors entered into a service contract with the Group and each of the Independent Non-executive Directors entered into a letter of appointment with the Company. Under the Company's articles of association, one-third of the Directors, who have served longest on the Board, must retire, thus becoming eligible for re-election at each annual general meeting.

The Company has received the annual confirmation of independence from all the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considered them independent to the Group.

The Company has arranged appropriate director and officer liability and professional indemnity insurance coverage since 2007, which is reviewed on an annual basis, for liabilities arising out of corporate activities from being the Directors and senior management of the Group.

## Co-Chairmen and the Leadership Committee

The Co-Chairman of the Board, Dato' Seri CHEAH Cheng Hye, chairs all the board meetings and the annual general meeting. He is leading the overall business and investment strategies of the Group. Mr. SO Chun Ki Louis, the Co-Chairman of the Board, who is mainly responsible for managing the Group's investment research and portfolio management functions, continues working closely with Dato' Seri CHEAH to oversee the overall business strategies of the Group. The function of the chief executive in the meantime is taken up by the Leadership Committee, currently comprising Dato' Seri CHEAH and Mr. SO, which is responsible for overall business development of the Group and takes up the role in devising corporate strategy, as well as managing the Company's business operations and corporate affairs.

In respect of code provision A.2.1 of the CG Code, the roles of chairman and chief executive are held by the same individuals, namely, Dato' Seri CHEAH Cheng Hye and Mr. SO Chun Ki Louis as Co-Chairmen and also members of the Leadership Committee which serves the function of chief executive. In view of the nature of the Group's business, the chairman and chief executive must have a deep understanding of asset management operations in order to lead the Group in developing prompt response to market changes. Further, all major decisions have been made in consultation with the Board, the appropriate board committees and/or senior management of the Group. The Board therefore considers that the current arrangement provides a balance of power and authority and avoids power being concentrated in any one individual in line with the stated principle of A.2.1 of the CG Code.

## Board committees

The Board has established the following committees with specific responsibilities as described in the respective terms of reference available on the Company's and/or the Stock Exchange's website(s):

### 1. Audit Committee

The Company established the Audit Committee on 24 October 2007 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee include providing an independent review of the effectiveness of the financial reporting process, certain corporate governance functions, as well as risk management and internal control systems. The Audit Committee also oversees the appointment, remuneration and terms of engagement of the Company's auditor, as well as their independence. The Audit Committee comprises Dr. CHEN Shih-Ta Michael, Mr. Nobuo OYAMA and Mr. WONG Poh Weng, all of which are Independent Non-executive Directors. The Audit Committee is chaired by Mr. WONG Poh Weng.

The Audit Committee held four meetings in 2020. The Chief Financial Officer and Chief Administrative Officer, the Chief Compliance Officer, the Head of Internal Audit, the Senior Director, Operations, the Risk Manager, and the Company Secretary were normally invited to attend the meetings and representatives of the Auditor also joined three meetings involving the discussions of the Group's interim and annual results. The attendance record of each member at the Audit Committee meetings is set out below:

	No. of Audit Committee meetings attended/held
Mr. WONG Poh Weng ( <i>Chairman</i> )	4/4
Dr. CHEN Shih-Ta Michael	3/4
Mr. Nobuo OYAMA	4/4

## Corporate governance report

In 2020, the Audit Committee reviewed, discussed and/or approved the matters related to:

- The Group's interim and annual results, preliminary announcements and reports and periodic financial updates.
- The auditor's remuneration (including the non-audit services) and its terms of engagement.
- The treasury activities and liquidity of the Group.
- The 2021 external and internal audit plans.
- The reports prepared by the Risk Management, Compliance and Internal Audit departments.
- The risk control self-assessment summary of the Group prepared by the Risk Management department.

In order to further enhance independent reporting, the members met in separate private sessions with the Auditor once a year without the presence of management.

### 2. Remuneration Committee

The Company established the Remuneration Committee on 24 October 2007 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include determining the policy and structure for the remuneration of Executive Directors and senior management, reviewing incentive schemes and Independent Non-executive Directors' service contracts, and confirming the performance based remuneration packages for all Directors and senior management. The Remuneration Committee comprises Dato' Seri CHEAH Cheng Hye, Mr. SO Chun Ki Louis, Dr. CHEN Shih-Ta Michael, Mr. Nobuo OYAMA and Mr. WONG Poh Weng, three of which are Independent Non-executive Directors. The Remuneration Committee is chaired by Dr. CHEN Shih-Ta Michael.

The Remuneration Committee held three meetings in 2020. The attendance record of each member at the Remuneration Committee meetings is set out below:

	No. of Remuneration Committee meetings attended/held
Dr. CHEN Shih-Ta Michael ( <i>Chairman</i> )	3/3
Dato' Seri CHEAH Cheng Hye	3/3
Mr. Nobuo OYAMA	3/3
Mr. SO Chun Ki Louis	3/3
Mr. WONG Poh Weng	3/3

In 2020, the Remuneration Committee reviewed, discussed and/or approved the issues related to:

- The remuneration level for Directors and senior management for the year 2021 which was based on individual performance with reference to an independent salary survey report.
- The bonus allocation to the Directors and senior management with reference to the Group's financial results and individual performance.
- The renewal of appointment letters of Independent Non-executive Directors.
- The proposed grant of share options.

### 3. Nomination Committee

The Company established the Nomination Committee on 13 March 2012. The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The Nomination Committee comprises Dato' Seri CHEAH Cheng Hye, Mr. HO Man Kei, Norman, Dr. CHEN Shih-Ta Michael, Mr. Nobuo OYAMA and Mr. WONG Poh Weng, three of which are Independent Non- executive Directors. The Nomination Committee is chaired by Dato' Seri CHEAH Cheng Hye.

The Company has adopted the Board Diversity Policy which is available on the Company's website. The Board Diversity Policy aims to set out the approach to achieve diversity in the Company's Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Company recognizes the benefits of diversity in Board members and believes that Board diversity can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge and/or length of service. In forming the perspective on diversity, the Company also considers its own business model and specific needs from time to time. All Board appointments will be based on merits and each candidate is considered against objective criteria. The Nomination Committee assists the Board in reviewing the Board Diversity Policy.

The Nomination Committee held one meeting in 2020. The attendance record of each member at the Nomination Committee meeting is set out below:

	No. of Nomination Committee meeting attended/held
Dato' Seri CHEAH Cheng Hye ( <i>Chairman</i> )	1/1
Mr. HO Man Kei, Norman	1/1
Dr. CHEN Shih-Ta Michael	1/1
Mr. Nobuo OYAMA	1/1
Mr. WONG Poh Weng	1/1

## Corporate governance report

In 2020, the Nomination Committee reviewed, discussed and/or approved the issues related to:

- Reviewing and recommending the structure, size and composition of the Board with reference to the Board Diversity Policy.
- Assessment of the independence of Independent Non-executive Directors.
- Offering recommendation to the Board on relevant matters relating to the re-appointment of Directors in the forthcoming annual general meeting.

Embedded in the Nomination Committee's Terms of Reference is the Nomination Policy for Directors. The Nomination Committee shall identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships. Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

In evaluating and selecting a candidate for directorship, the following criteria should be considered:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- Any measurable objectives adopted for achieving diversity on the Board;
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Committee from time to time for nomination of directors and succession planning.

No new Director has been selected or recommended for directorship during 2020.



### 4. Risk Management Committee

The Company established the Risk Management Committee on 24 October 2007. The primary duties of the Risk Management Committee are to establish and maintain effective policies and guidelines to ensure proper management of risks to which the Group and its clients are exposed, and to take appropriate and timely action to manage such risks. As at 31 December 2020, the Risk Management Committee comprises Mr. Ho Man Kei, Norman, Mr. CHENG Tsz Chung, Ms. LEE Vivienne, Mr. TSUI Fook Wang, Frank, Ms. WONG Ngai Sze, Icy and Ms. WONG York Ying, Ella. The Risk Management Committee is chaired by Mr. Ho Man Kei, Norman.

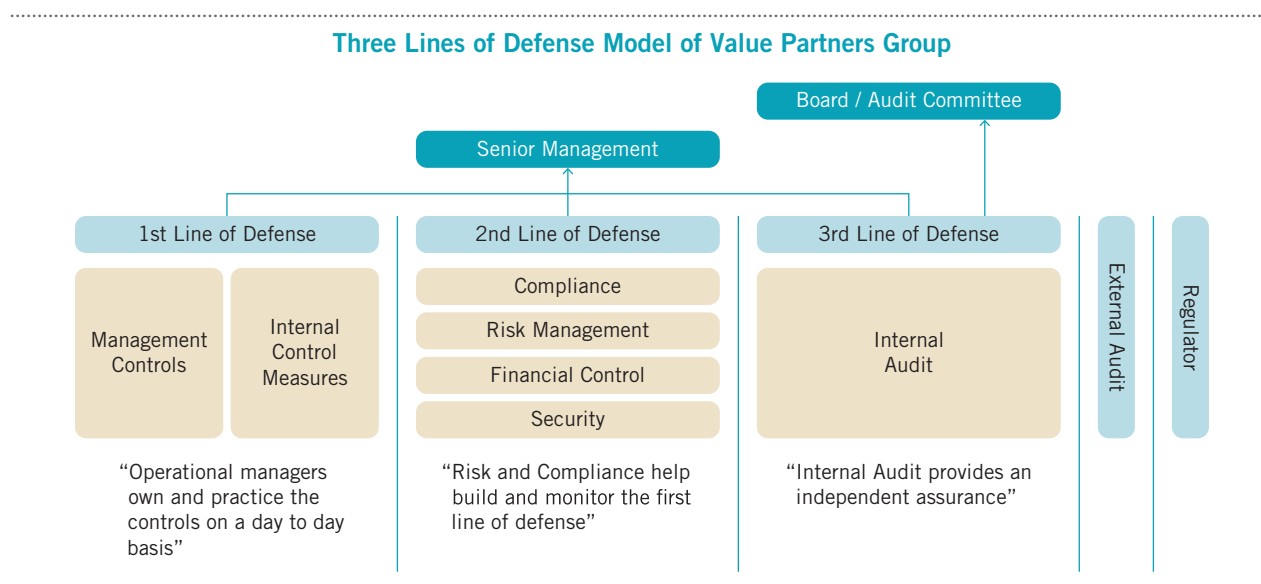
The Risk Management Committee held five meetings in 2020. In the meetings, the members reviewed, discussed and/or approved the issues related to:

- The Group's risk management framework and system of internal control.
- Regular assessments on major risks.
- Risk control self-assessment update.
- Various internal audit reports issued during the year.
- Review error reports.
- New business and new product approval process.
- Information risk management update.
- Investment, reputation, liquidity and operation risk management.
- Regulatory updates and revise relevant policy manuals accordingly.
- Items requiring risk acknowledgement to deal with risk identified but not fully mitigated.
- Internal audit plan.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness at least annually. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group’s financial, operational, compliance, legal, risk management and internal controls, and the resourcing of the internal audit function. The Group has established an organizational structure with defined levels of responsibility and reporting procedures. The Risk Management Committee, Legal & Compliance department and Group Internal Audit assist the Board and the Audit Committee in the review of the effectiveness of the Group’s risk management and internal control systems on an ongoing basis. The directors and the Audit Committee are kept regularly apprised of significant risks that may impact on the Group’s performance. Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group’s performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group’s risk management framework is guided by the “Three Lines of Defense” model as shown below:

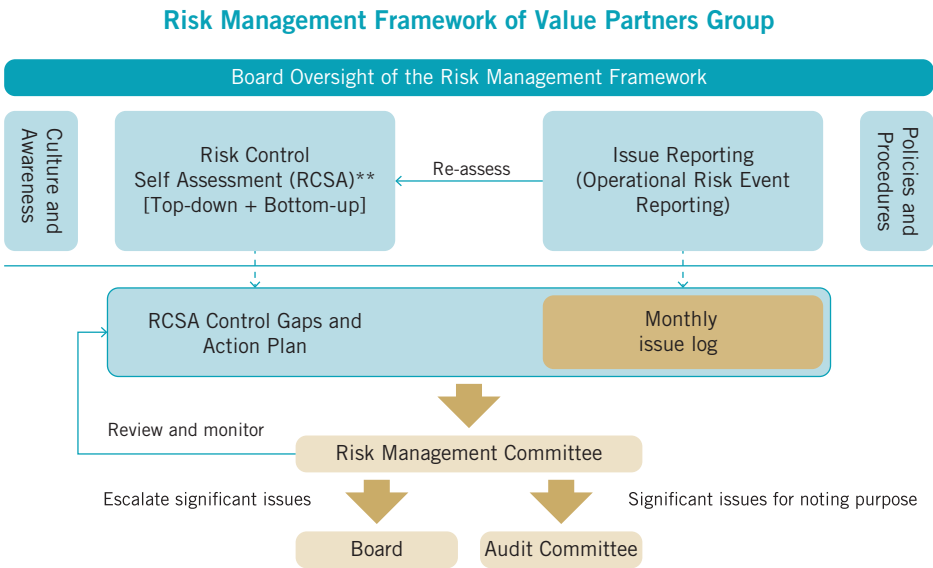


The Risk Management Committee co-ordinates enterprise risk management activities and reviews significant aspects of risk management for the Group, reports to the Audit Committee at each regularly scheduled meeting. Subjects covered, amongst other things, include significant risks of the Group and the appropriate mitigation and/or transfer of identified risks. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to Risk Management and Compliance departments on an annual basis. Assessment on new risk is performed for new business initiatives.

Group Internal Audit reports to the Audit Committee at each regularly scheduled meeting throughout the year on the results of their activities during the preceding period pertaining to the adequacy and effectiveness of internal controls, including but not limited to, any indications of failings or material weaknesses in those controls. Group Internal Audit adopts a risk-and-control-based audit approach. The annual work plan of Group Internal Audit covers major activities and processes of the Group’s operations, businesses and service units. Special reviews are also performed at management’s request. The results of these audit activities are communicated to the Audit Committee. Audit issues are tracked, followed up for proper implementation, and their progress is reported to the Audit Committee periodically. Group Internal Audit provides independent assurance to the Board, the Audit Committee and the executive management of the Group on the adequacy and effectiveness of internal controls for the Group. The Head of Group Internal Audit reports directly to the Chairman of the Audit Committee, with an indirect reporting line to the Chief Financial Officer and Chief Administrative Officer who has the responsibility to assist Group Internal Audit resolve issues on a daily basis.

The senior management of the Group, supported by the Risk Management Committee, Legal & Compliance department and Group Internal Audit, is responsible for the design, implementation and monitoring of the risk management and internal control systems, and for providing regular reports to the Board and the Audit Committee on the effectiveness of these systems.

The following diagram illustrates the key processes used to identify, evaluate and manage the Group’s significant risks:



\*\* To be updated annually/whenever there is any significant change in the business process(es) and control(s).

The Group has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the executive management of the Group to regularly assess and at least annually to personally certify that such systems are appropriate and functioning effectively in the belief that this will enhance the corporate governance of the Group and its business practices in the future.

## Corporate governance report

The Group has embedded its risk management systems into the core operating practices of the business. On an ongoing basis, the respective operating units of the Company will review and assess the status of potential risks which may impact on their ability to achieve their business objectives and/or those of the Company. Any incidents that arise in the year are investigated to assess if control procedures can be enhanced, whilst new initiatives are subjected to a new risk approval process to identify and address potential new risks that could arise. This review process includes assessment as to whether the existing system of internal controls continues to remain relevant, adequately addresses potential risks, and/or should be supplemented. The results of these reviews are recorded in the logs for monitoring and incorporated into the Group's Risk Control Self-Assessment for analysis of potential strategic implications and for regular reporting to the senior management and directors of the Company.

The Audit Committee has established and oversees a whistleblower policy and a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving the Company, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner. The Chairman of the Audit Committee has designated the Head of Group Internal Audit and/or the Chief Financial Officer and Chief Administrative Officer to receive on his behalf any such reports, to oversee the conduct of subsequent investigations, and to provide information, including recommendations arising from any investigations to them for consideration by the Audit Committee.

The Group regulates the handling and dissemination of inside information as set out in the Inside Information Policy and various subsidiary procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

During 2020, the Risk Management Committee and Legal & Compliance department have continued to work closely with the operating units, senior management, and the directors to enhance the risk management systems. Such activities have included, amongst other matters, implementing the additional requirements of the Fund Manager Code of Conduct introduced by the Securities and Futures Commission (the "SFC"), enhancing liquidity risk management controls to monitor portfolios, introducing several new internal control procedures, conducting a number of training sessions and risk workshops; further standardization of risk reporting and quantification; more closely aligning the assessment of internal controls with their potential risks; and increasing the depth and frequency of interaction with the designated directors on the Company's risk management system's design, operation, and findings. The Risk Management Committee and Compliance department have presented update reports to the Board and the Audit Committee on the results of the annual Risk Control Self-Assessment and other control procedures that have been implemented to establish and maintain effective risk management and internal control systems. Such work has assisted the directors in the review of the effectiveness of the risk management and internal control systems of the Group during the year.

During 2020, Group Internal Audit conducted selective reviews of the effectiveness of the systems of risk management and internal controls of the Group over financial, operational and compliance controls. Additionally, the heads of major business and corporate functions of the Group were required to undertake control self-assessments of their key controls. These results were assessed by the Chief Financial Officer and Chief Administrative Officer, Group Risk Manager and Head of Group Internal Audit and reported to the Audit Committee, which then reviewed and reported the same to the Board. During the year key areas of focus included controls within Fixed Income Unit, investment management, valuation and information security. The reviews revealed no serious shortcomings in the Groups' internal control systems within the year. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

### Emolument policy and Directors' remuneration

Remuneration packages that take into account business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with our emphasis on recognition of performance and human capital retention, we reward our employees with year-end discretionary bonus which is linked to our level of profits for that financial year. The Company has adopted share option schemes as long-term incentive schemes for Directors and eligible participants, details of which are set out in the section headed "Share options" of the Report of the directors.

The emoluments of the Directors are reviewed and approved by the Remuneration Committee, with reference to prevailing market conditions and their duties and responsibilities at the Company.

### Auditor's remuneration

The remuneration of the audit services rendered by the auditor of the Company was mutually agreed in view of the scope of services to be provided. The audit fee for the year ended 31 December 2020 was approximately HK\$4.0 million. In addition, the auditor of the Company also provided tax services to the Group in 2020 and the fee was approximately HK\$0.5 million.

### Preparation of Financial Statements

The Directors acknowledge their responsibility for preparing consolidated financial statements of the Group for the year ended 31 December 2020 (the "Financial Statements").

### Dividend Policy

The Company has adopted the Dividend Policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and needs for future growth as well as its shareholder value in the long-run. The amount of dividends (if any) that may be declared and distributed to the shareholders of the Company is subject to the discretion of the Board, the Constitution of the Company and all applicable laws and regulations and other factors. The Board shall also take into account various factors of the Group when considering the declaration and payment of dividends. The Board will review the Dividend Policy as appropriate from time to time.

### Communication with Shareholders

The Company has adopted a shareholders communication policy to ensure that Shareholders, and in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

#### 1. Information disclosure

The Company endeavours to disclose all material information about the Group to all interested parties as timely as possible. The Company maintains a website at [www.valuepartners-group.com](http://www.valuepartners-group.com) to keep shareholders and investors posted of the latest business developments, interim and annual results announcements, financial reports, public announcements, corporate governance practices and other relevant information of the Group.

Since 2008, the Company has voluntarily commenced releasing the information of the unaudited assets under management of the Group on a monthly basis to further increase the transparency of the Company. Starting from 2013, we also disclosed the fund flow information of the funds managed by the Group on a quarterly basis.



## Corporate governance report

To ensure our investors and shareholders have a better understanding of the Company, our Chief Financial Officer and Chief Administrative Officer communicates with research analysts, investors and shareholders in an on-going manner. In addition, they attend major investors' conferences and participate in international non-deal roadshows to explain the Company's financial performance and business strategy. The Company actively distributes information on the annual and interim results, an archive of the webcast is on the Company's website so that the results presentation is easily and readily accessible to investors and shareholders all over the world.

### 2. General meetings with shareholders

The Company regards the annual general meeting ("AGM") an important event as it provides a platform for the Board to communicate with the shareholders. The notice of AGM is sent to the shareholders at least 20 clear business days prior to the date of AGM. One of the Co-Chairmen takes the chair in the AGM to ensure shareholders' views and questions are well communicated and answered by the Board. Separate resolutions are proposed on each substantially separate issue at the general meetings.

The attendance records of each Director at the AGM and EGM for the year 2020 are set out below:

	No. of AGM attended/held	No. of EGM attended/held
<b>Executive Directors</b>		
Dato' Seri CHEAH Cheng Hye ( <i>Co-Chairman</i> )	1/1	0/1
Mr. SO Chun Ki Louis ( <i>Co-Chairman</i> )	1/1	1/1
Ms. HUNG Yeuk Yan Renee	1/1	1/1
Mr. HO Man Kei, Norman	1/1	1/1
<b>Independent Non-executive Directors</b>		
Dr. CHEN Shih-Ta Michael	1/1	1/1
Mr. Nobuo OYAMA	1/1	0/1
Mr. WONG Poh Weng	1/1	0/1

We had around 42 shareholders or their representatives that participated in our annual general meeting for the year 2020 and all the resolutions proposed were passed by poll voting in the meeting. Representatives of the auditor also attended this AGM. Poll results are made publicly available on the same day of the meeting, typically in the space of a few hours, to ensure the timely disclosure of information.

### 3. Shareholders' rights

The investor relations department of the Company responds to emails, letters and telephone enquiries from the public, shareholders and investors. Any enquiry on matters related to the Company and to be addressed to the Board may be put in writing and sent to the principal office of the Company in Hong Kong or through an email to [vp@vp.com.hk](mailto:vp@vp.com.hk).

Pursuant to the articles of association of the Company, the Board may call an extraordinary general meeting whenever it thinks fit. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at general meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in above paragraph.

The memorandum and articles of association of the Company is available on the Company's website.

# Environmental, social and governance report

## 1. About the Report

This is the fifth Environmental, Social and Governance (“ESG”) report issued by the Group. The report discloses the sustainability initiatives demonstrated by the Group, and in accordance with our reporting obligation under the ESG Reporting Guide set out in Appendix 27 of the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”). Unless otherwise specified, the time frame of this report is from 1 January 2020 to 31 December 2020.

The Group understands that sustainable operation practice is the cornerstone of business success and longevity. The Group strives to minimizing its impacts on society and the environment and values the importance of compliance with all relevant laws and regulations.

The asset management business of the Group primarily operates by our offices located in Hong Kong, Shanghai, Shenzhen, Singapore, Kuala Lumpur, London, and a representative office in Beijing, and hence all Group policies and strategies reported hereafter are applicable to our offices. Relevant environmental indicators will be reported for our Hong Kong headquarters and, where applicable, for our offices in Shanghai, Singapore and Kuala Lumpur. Environmental data for our Shenzhen, London, and Beijing offices are excluded due to their immaterial environmental footprint.

### 1.1. ESG Governance

The Board of Directors provides overall direction on management of sustainability issues and ESG risks. The implementation and reporting of ESG initiatives is carried out by the ESG Committee (“the Committee”) and the Company Secretary with approval by the Board, which is also responsible for collaborating with other functional areas on the integration and implementation of sustainability initiatives throughout the Company.

In 2020, the ESG governance structure was enhanced, such that the Board of Directors and the Leadership Committee can oversee the Group’s ESG performance more directly and efficiently, from drawing firmwide involvement in responsible investment practices. The Committee is chaired by the Head of ESG Investment, and it responsible for reviewing the ESG scores of our portfolio, challenging holdings with low ESG scores, evaluating our engagement and voting activities on ESG, and coordinating internal capacity building activities. Five regular meetings were held during the year. The Committee has recently further stepped up it efforts to nurture the ESG practices and responsibilities by scheduling meetings.



## 2. Operating Practices

The Group has been a pioneering force in the Asian asset management industry since we first arrived on the scene in 1993. Over the years, we have adhered to the same goals and values: to seek the very best investment opportunities for our clients among under-followed and out-of-favor stocks in the Asia Pacific region. Our long-term success has been founded on the spirit of putting the interest of our clients first, while celebrating seamless co-operation among our team members. To ensure stable business performance and alignment of interests in the long run, the Group is structured to have senior management taking up a majority of the Company's shares.

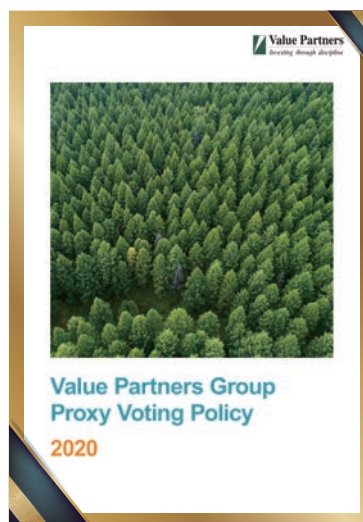
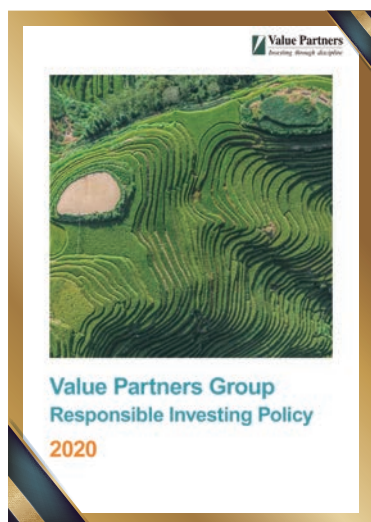
We recruit employees who share our values and are committed to putting the interest of our clients first, while being fully dedicated to providing the best services to our clients. As a mechanism to improve incentives, align and safeguard the interest of our clients, staff remuneration is comprised of a fixed salary and a performance-based bonus.

We have a talented and dedicated team as our senior managers have worked in the Group for a long period of time. This demonstrates the talent stability within the Company which in turn is an important contributor to the effectiveness and cohesion within our team.

### 2.1. Responsible Investment Practices

The Group's investment strategy adopts a disciplined approach and a value driven philosophy that seeks to identify the 3Rs (Right business, Right People and Right Price) that has long been embedded in our overall investment principles since 1993. Among the 3Rs, corporate governance is one of the major factors for assessing the Right People, which we believe is crucial to act in the best interest of shareholders and the society.

Consistent with our investment philosophy, it is our belief that integrating ESG analysis in our investment process can help identify business models that are most likely to thrive in the long-term and generate sustainable returns. As a sign of the Group's commitment to ESG, it became a signatory of the United Nations Principles for Responsible Investment (PRI) in July 2019. Our respective ESG policies such as [Responsible Investment Policy](#) and [Proxy Voting Policy](#) are also available on our website.



## Our Approach to Responsible Investment

We believe that ESG issues exerts material influence on a company's long-term fundamentals, investment opportunities and risks. Therefore, we undertake a holistic approach to ESG analysis in our investment process, and our investments.



## ESG Integration

ESG analysis is an integral part of the Group's investment process. The rationale for the Group to take ESG issues into account as part of the investment process is to ensure our investees have an adequate level of governance quality, and mitigate environmental and social risks that can expose us to losses and reputational risks. And the Group is cognizant that ESG risk management can lead to opportunities as well.

We made a key enhancement in 2020 by initiating our proprietary ESG coverage in the fourth quarter, which we believe is a crucial process to drive direct engagement with investees to assess respective ESG factors. The integration of ESG factors in our investment process come into three layers:

# Environmental, social and governance report

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## Exclusion



During the initial screening stage of the entire universe of potential investments, we maintain an exclusion list of companies that significantly violate our ESG principles. The list is adopted in the Order Management System to ensure no breach of investment guidelines.

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## Proprietary ESG Risk Assessment



Proprietary research is the core pillar of our investment process. In 2020, we continued to enhance our approach and developed a proprietary ESG scorecard, which considers a breadth of ESG factors such as investees' policies on environmental, diversity and inclusion as well as board composition, management commitment and related pipelines, etc.

By initiating direct dialogue with the Company's management, it enable analysts to establish a holistic picture of the Company's ESG practices, to gain forward-looking insights on the Company's ESG practices and to nurture our ESG culture by highlighting the importance of our ESG considerations to our investees.

Analysts are responsible for conducting the ESG scorecard for our high conviction ideas, and the results of the scorecard are reviewed by respective sector leaders to ensure our ESG principles are consistently embedded.

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## Post-trade Monitoring



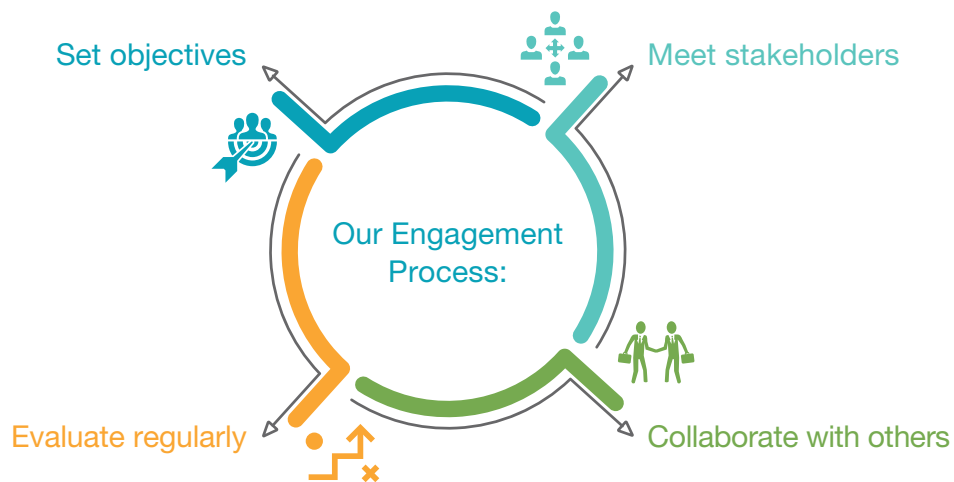
Our monthly report summarizes ESG rating breakdown for each of our portfolios and it is sent to all portfolio managers, Co-Chief Investment Officers and ESG Committee for review. Risk managers will discuss with portfolio managers on any holdings with ESG concerns, and ESG Committee meetings will be called for further action if necessary.



## Responsible Stewardship

Engagement with investees is a key component of our investment process as we strive to positively influence corporate behaviors. We organize regular meetings with the companies that we invest in to foster our understanding of their business operations, strategy and ESG management. Through this engagement we promote sustainability and advocate for higher ESG transparency.

Our Engagement Process:

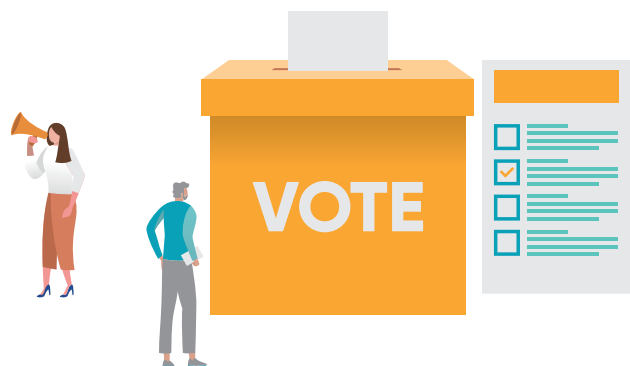


We exercise our voting rights to fulfil our active ownership duties, and also incorporate findings from our fundamental research on our investees to vote in a manner that is in the best interest of our investors.

In addition to our commitment to PRI, the Group's practices align with the Principles of Responsible Ownership issued by the Securities and Futures Commission of Hong Kong, which serves as a guidance to assist investors to determine how best to meet their ownership responsibilities.

### In 2020<sup>1</sup>, we

1. Voted in 97% of the votable meeting
2. Voted at least one vote against management recommendations, withhold or abstain in 51% of shareholder meetings
3. The Group decided to vote consistently with Institutional Shareholder Services (ISS) on all shareholders' proposals relating to Directors, Compensation, and Corporate Governance even when such proposals are contrary to management recommendations;
4. We only vote according to management's recommendation on executive compensation 25% of the time

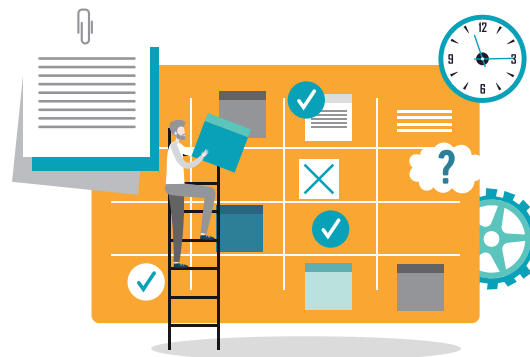


<sup>1</sup> The Group started to engage the third-party proxy advisory firm in April 2020, hence data only cover the period since April to December 2020.

## Case study

### Engagement on environmental, health and safety concerns

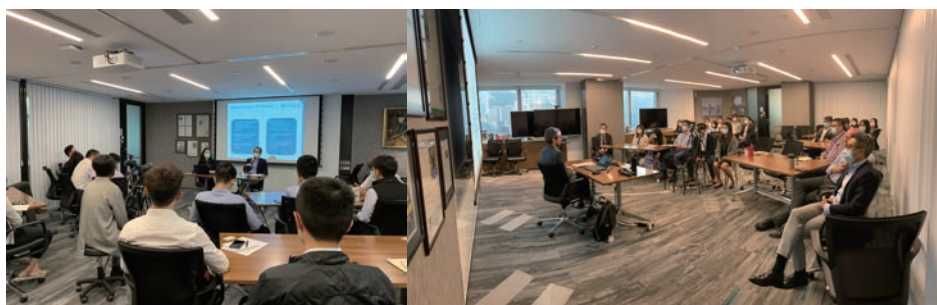
A property developer focusing on design, development, construction, sale, property management and related services was identified to violate national environmental and occupational health and safety (“OHS”) regulations, and was accused with various environmental damages. In particular, a previous fatal incident led to a suspension of its construction project, potentially causing a drag on the company’s performance.



This company was put in the exclusion list and we will maintain ongoing dialogue with the management, and the ESG performance of the company and engagement outcomes will continually be monitored by the ESG Committee.

### Building ESG Culture

To nurture a strong ESG culture, the Group provides regular ESG training to all employees. In 2020, two ESG training sessions were organized for staff, including our analysts, sales and ESG Committee members. These included an in-house sharing on ESG governance and process, and a session by a representative from PRI.



## 2.2. Ethical Business Behaviors

The Group considers business integrity and compliance with all applicable laws and regulations as fundamental expectations to be observed during all work processes. The Group has zero tolerance for corruption and money laundering and considers initiatives against such malpractices as essential codes of conduct for all employees within the Group. If and when necessary, we will fully cooperate with enquiries or requests from regulators.

As such, the Group has established a Policy on Prevention of Money Laundering and Terrorist Financing Policy and Procedures, which are specifically designed to ensure our employees fully understand their obligations and responsibilities at work. The policy outlines and requires all employees to be in compliance with all relevant legislation and codes while making investment decisions. Applicable legislation and codes include: Anti-Money Laundering and Counter-Terrorist Financing Ordinance (“AMLO”), Guideline on Anti-Money Laundering and Counter-Terrorist Financing (“AML Guideline”), Drug Trafficking (Recovery of Proceeds) Ordinance (“DTROP”), Organized and Serious Crimes Ordinance (“OSCO”), United Nations (Anti-Terrorism Measures) Ordinance (“UNATMO”), Weapons of Mass Destruction (Control of Provision of Services) Ordinance (“WMD(CPS)O”), Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

## Environmental, social and governance report

We have appointed Money Laundering Reporting Officer and its deputy as well as Anti-Money Laundering Compliance Officer for our investment funds in accordance with the new requirement of Cayman Islands Anti-Money Laundering Regulations.

Unethical or fraudulent behavior is prohibited. Directors, officers, employees and other representatives are required to adhere to the policy as a condition of their employment and engagement to the Group.

In addition, the Code of Ethics clearly states that employees shall act honestly and professionally with due care and diligence to protect the client's best interests and to uphold market expectations on integrity. Conflict of interests will be avoided to the largest extent and potential conflicts with clients will be disclosed if unavoidable. The Group has stringent controls over staff dealings and all staff dealings are monitored. Aside from the initial holding report that is submitted within 10 days after onboarding, staff are required to submit semi-annual holdings report for the Group to identify improper trades or patterns of trading. Any breach of these rules will be treated seriously and may lead to disciplinary action. We formulate and update our internal policies as needed to ensure it fulfils the Securities and Futures Commission's Fund Manager Code of Conduct.

During the year, the Group conducted a number of in-house compliance trainings in Hong Kong, Shanghai, Shenzhen, Singapore, Kuala Lumpur and London offices to update our staff on the latest regulations and requirements. Topics included but were not limited to insider dealing and anti-money laundering.

Through the Group's whistle-blowing mechanism, staff members are encouraged to report any wrongdoing or suspected misconduct directly to the Chairman of the Audit Committee in confidence. The Group will endeavor to protect the identities of the staff and investigate all complaints in a timely manner. Remedial actions are taken against the affirmative case. We are committed to protecting our employees from any form of discrimination, intimidation, reprisal, retaliation or adverse reaction organizationally as a result of reporting their concerns.

### 2.3. Protecting Data Privacy

The Group strives to protect the data privacy of our employees, clients, and business partners, and is in compliance with all relevant laws and regulations, such as Personal Data (Privacy) Ordinance of Hong Kong and the General Data Protection Regulation of the European Union. Corresponding provisions have been incorporated in data protection notice, data protection policy, explanatory memorandum (EM) and service agreement.

The trading information of our clients are confidential and handled with due care to avoid any data leakage or misuse. Disclosure of client trading information to outside parties without proper justification and consent is prohibited. Disclosure of information is strictly limited on a "Need-to-Know" basis even among staff members. Should service providers be required to work at our office during non-office hours, our employees are reminded to lock up all documents and switch off their monitors to minimize the risk of information leakage.

A [Data Protection Policy](#) is in place to ensure information is handled in an appropriate way. The Group's board members, officers or delegates whose work involves processing personal data are obliged to comply with this policy. All individuals about whom the Group holds personal data have the right to access, rectify, object, erase, limit, and request a copy of their personal data. To ensure all employees are aware of information security risks inherent in our operations and the latest regulatory requirements, training on such topic is embedded into the curriculum of our employee induction program, and security alerts through emails are sent by our Information Risk Officer to all employees.

The importance of information security, especially cybersecurity, has continued to grow within the financial services industry. In addition to the annual risk controls self-assessment performed by each team, the Group conducts an internal information security audit every year to determine the overall state of protection, ensuring current security measures comply with policies and regulatory requirements, and verifying the effectiveness of the protection measures.

## Environmental, social and governance report

Under abnormal circumstances (e.g. during the COVID-19 pandemic), the Group may adopt split-team arrangement and allow some of the staff to work from home as a contingency measure. We recognize that such arrangement could present a unique challenge for information security as remote work environments usually do not have the same safeguards as in the office. In this regard, we have issued guidelines to our employees on the protection of business information assets, covering measures such as avoiding family members using the work devices, locking the work devices before walking away and keeping physical workplace secure.

### 2.4. Supply Chain Management

The Group's approach for sustainability is not only confined to our investment products. The embedded culture to establish long-term and mutually beneficial relationships also extends to our suppliers. To achieve the objective of pursuing efficient, effective and transparent processes in goods and services acquisition, the Group has established a Policy on Procurement to reinforce consistency with the expense policy and to fully utilize each dollar of expenditure.

Our Policy on Procurement stipulates the requirement for a competitive bid for all goods and services which amount to over HK\$50,000 from non-approved vendors. To uphold the principle of fairness and transparency, such bids will require at least two sources of quotations in a fair and open manner.

However, the selection consideration of suppliers is not limited to the quoted price alone. Other aspects such as product quality, service quality, reliability and suitability are also considered as important factors.

In addition, in order to maintain the quality of goods and services procured, the list of approved vendors is reviewed annually and will be placed against competitive bids if vendor performance or quality falls short of the requirements set out by the Group.

## 3. Employment and Labor Practices

Our ability to provide premium investment strategies and financial services to our clients relies on the ability of our valued talents in providing professional and informed advice to our distinguished clients. As such, we greatly cherish the commitment and contributions from our employees and understand the importance of providing them with competitive remuneration and welfare as they well deserve. The Group emphasizes the long-term alignment of interest, recognition of performance and human capital retention.

To develop a positive working environment, the Group has adopted various initiatives to keep employees motivated about work. Employee's performance is reviewed under the multi-dimensional performance evaluation. Besides, employees with outstanding performance are entitled to incentives under the Elite Program. While deferred bonus scheme and share option plans are employed for long-term alignment of interest with investors and shareholders. In particular, our Investment Management team is entitled to the low fixed, high variable compensation to drive rewarding performance-based idea generation.

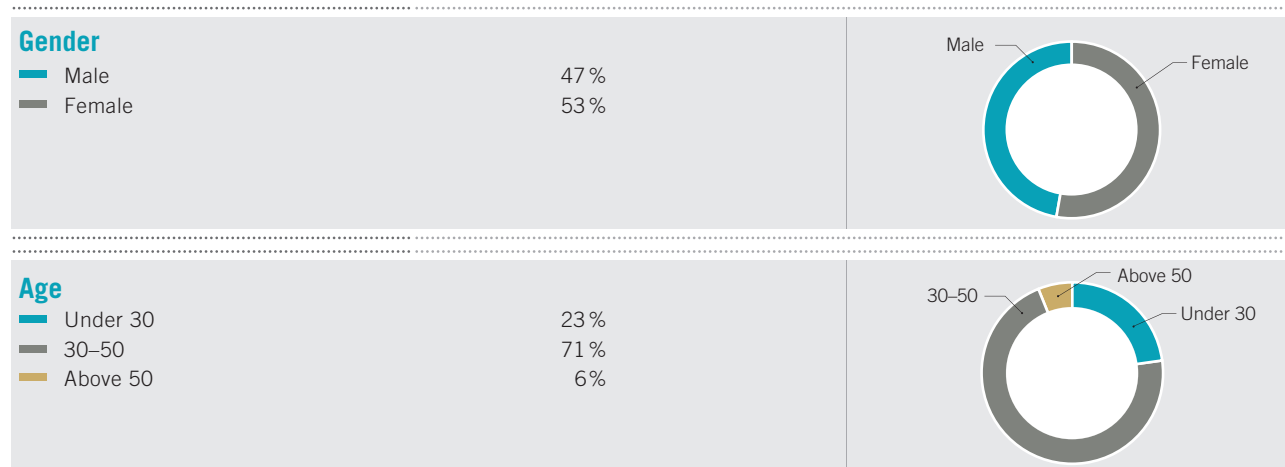


In addition to complying with relevant local laws and regulations on employment and labor, we provide equal promotion opportunities, and dedicate resources to work-related training and personal development of our employees. The Group promotes two-way communication by encouraging staffs to share with their colleagues and supervisors about best practices and experiences working in the Group.

As stipulated in our Code of Conduct, we have zero-tolerance for any forms of harassment and discrimination in the workplace, including race, gender, ethnicity, religion and other legally protected status. The Group has established a grievance mechanism to address and remedy conflicts in the workplace. If our staff have any comments, complaints or queries on workplace misconduct, malpractice or impropriety, they may contact their immediate supervisor or alternatively the Head of Human Resources.

The Group embraces diversity as a source of innovation and competitive advantage. We maintained a balanced male to female ratio of employees at 1:1.13. The percentage of workforce distribution is shown below. For details of workforce distribution, please refer to 3.4. Summary of Social Performances.

## Workforce Distribution



### 3.1. Welfare and Labor Standards

The Group offers our employees welfare benefits such as insurance schemes including medical insurance for all full-time employees and their immediate family members, and birthday leave. Also, the Group provides rental reimbursement to our employees with a maximum amount of refundable rent of up to 40% of the employees' base compensation, as well as stock option plans for our senior management staff.

To improve employee welfare and increase their involvement in recreational activities, the Group has established a Recreation Committee which is responsible for initiating and organizing networking activities, internal activities, voluntary services, sports events, recreational workshops and annual dinners for the Group. The Recreation Committee is composed of staffs from various departments, and opinions and suggestions on employee activities are welcomed from all staff. In 2020, many of our planned activities were unfortunately cancelled due to COVID-19 restrictions. Nevertheless, we stayed agile and launched the Step Counter Challenge to promote a healthy lifestyle despite work-from-home arrangement and social distancing. As a recognition of our efforts, the Group was awarded as Happy Company in 2020.



The nature of our business requires the use of skilled talents and the Group is in full compliance with relevant laws and regulations on the use of child and forced labor, including but not limited to the Employment Ordinance of Hong Kong.

## Environmental, social and governance report

### 3.2. Development and Training

The Group's ability to retain talents relies on our ability to provide good career prospects and room for personal development.

Our Training Policy is applicable to all full-time permanent employees of the Group and is designed to encourage our employees to further enrich their knowledge and skills. Our employees can obtain relevant professional qualifications to keep abreast of the latest industry trends and be equipped with necessary professional knowledge to excel in their career. Employees with tenure of over 6 months are eligible for company sponsorship for a wide variety of courses, seminars, conferences and other training events, as well as examinations and membership. Such arrangements aim to inoculate a sense of shared accountability among the team and have been well received by our employees.

During the year, we have arranged in-house and external trainings on soft skills and technical skills on topics such as climate change risk, macroeconomic trend, big data analysis, etc. In particular, 15 sessions on market and portfolio updates were organized for our sales team in 2020.

#### Contributing to the industry talent development

The outbreak of COVID-19 pandemic is causing widespread disruption and economic hardship for different sectors across the globe. In July 2020, the Group was invited by the Treasury Markets Association to host an online training session on the impact of COVID-19 on the asset management industry. The webinar provided participants with insights on the challenges to traditional financial beliefs amid COVID-19, such as buying bonds as a safe asset class or ETFs as a liquid and transparent investment in a fluctuating market.

The Group nurtures young talents and offers graduate recruitment campaign and internship program. In 2020, we continued to run the Value Partners Young Fellowship Program in partnership with The Hong Kong University of Science and Technology. In addition, the Group provided university students with job shadowing opportunities under the Talent Amplifier Program ("TAP") organized by the Financial Services Development Council ("FSDC") and was a Research Project Sponsor of Hong Kong Securities and Investment Institute. Please refer to the Highlights of the year section of our Annual Report for more details. Invited by The Center for EMBA Tsinghua University, Dato' Seri CHEAH · Co-Chairman and Co-Chief Investment Officer of the Group, gave a lecture to over few hundreds of international audiences on investment impact of COVID-19.

### 3.3. Health and Safety

The Group is committed to providing a safe workplace to our employees and their health is always our prime concern. Every reasonable safety precaution within the workplace will be considered as a means to ensure the safety of our employees. It begins with compliance with all applicable regulations on health and safety. Policies on ensuring health and safety at the workplace are established and employees are expected to adhere to the relevant policies as stipulated in the Employee Handbook. This ranges from the Group's prohibition of any acts of violence or threats to use of illicit drugs and/or gaming within work premises. In addition, to minimize health and safety risks to employees or their fellow colleagues, employees are required to take appropriate measures and report any cases of personal injury sustained at work or contraction of infectious diseases to their direct manager and our Human Resources Department.

Regarding fire safety issues within the workplace, employees and visitors are required to vacate the building via fire exits and assemble at street level on the sounding of the fire alarm. An individual is appointed to check that all colleagues are present at the assembly point and detailed Procedures on Fire Evacuation are available at the Administration Department for all relevant premises.

Since the beginning of January 2020, the outbreak of novel coronavirus has created significant impacts to our operations at different locations. Wellbeing and safety of our employees is our utmost priority as always. The Group has closely monitored the situation and taken timely measures under the oversight of the newly established Infections Diseases Response Team. In all our decisions we strive to take good care and ensure safety of our employees while maintaining business operation to the largest extent to uphold professional service. The Group has since then developed a work-from-home policy and supported flexible work arrangement to practice social distancing. Protective equipment such as masks are also actively sourced to support our employees throughout this difficult time.

With our efforts in maintaining a safe and injury free workplace, no work-related injuries and fatalities of the Group's employees have been recorded in 2020.



## 3.4. Summary of Social Performances

	Unit	2020	2019
<b>Employment Practice</b>			
Total permanent workforce	No. of people	226	238
Total contract workforce	No. of people	10	7
<b>Total workforce by age group</b>			
Under 30	No. of people	54	61
30 – 50	No. of people	168	169
Above 50	No. of people	14	15
<b>Total workforce by gender</b>			
Female	No. of people	126	121
Male	No. of people	110	124
<b>Health and Safety</b>			
Number of work-related fatalities	No. of people	0	0
Work-related fatalities rate	Per employee	0	0
Number of work-related injuries	No. of injuries	0	0
Lost days	Days	0	0

## 4. COMMUNITY INVOLVEMENT

We envision to be a responsible corporate citizen, the Group dedicate resources to those who are in need within our community. We begin with the upbringing of our children, who are the future pillars of the community. We believe that all children should be cared for and be provided with adequate educational opportunities. Therefore, our employees are encouraged to volunteer at organizations promoting child welfare, and to nurture young talents in society. One-day paid volunteer leave is granted every year to colleagues who participate in such meaningful activities. The Group also sponsors community activities and donates to charitable organizations. The Group has been awarded as Caring Company since 2017 and continued to attain the Caring Company Logo in 2020.



COVID-19 has presented enormous challenges to the community. Since the early stage of the outbreak, the Group has proactively sought opportunities to contribute to the battle against the virus. In February 2020, we, together with Dato' Seri CHEAH made a donation of HK\$500,000 to Wuhan, China, and mobilized the purchase of medical supplies including ventilators, monitors and medicine for Leishenshan hospital, an emergency facility built in response to the outbreak. Through the supports we hoped to express respect and gratitude towards all medical personnel fighting on the front line.

Besides, we partnered with the Cheah Kongsi, an clansmen association, in 2020 and set up three scholarships that assist students with their college expenses in Xiamen, China by annual grant. The Group also donated RMB100,000 to VIVA China Children's Cancer Foundation Limited to support the development of infrastructure, medical research and treatment for children with cancer.

## Environmental, social and governance report

During the year, the Group continues its long-standing support for Heep Hong Society, which provides professional training and education to children and youths of different abilities and their families and help them develop their potential and lead a fulfilling life. While our planned community involvement activities were cancelled due to the pandemic, we supported the first Heep Hong Virtual Flag day through direction donations, and by encouraging our people to be online volunteers and promote the meaningful event to their network.

### 5. ENVIRONMENT

As a company with a core reportable segment in asset management, the nature of the Group's business is office based and not energy intensive. Hence, the major material impact on the environment is confined to the premises in which our team operates. However, our management aspires to shoulder our part of the responsibility in caring for the environment. Compliance with all applicable local environmental laws and regulations is the bottom line, and in addition, we will continue to strive for enhanced energy efficiency and reduced carbon emissions within our work premises. The following are some of our initiatives on environmental conservation.

#### 5.1. Environmental and Resources Management

In 2020, the Group achieved the excellent level of the Wastewise Certificate and good level of the Energywise Certificate by Hong Kong Green Organisation. To continue improving our environmental performance, we have set up a range of environmental goals on issues such as waste paper and plastic recycling, material consumption, green procurement and special recycling activities during festive seasons. To this end, the Group has implemented a series of energy and resources conservation initiatives. In order to reduce energy consumption, T5 fluorescent tubes with high energy efficiency are used in our offices. Office lighting, air conditioners, air purifiers and other electric appliances are switched off when they are not in use or automatically controlled with timers after office hours. Moreover, air conditioner filters and drainage conduits are maintained on a monthly basis to ensure they are operating in an energy efficient manner. Water conservation initiatives have also been promoted and implemented in our daily operations.



To optimize the use of resources, the Group has employed the Employee Self-service (ESS) platform and offers an online E-leave system for our employees. With the help of the E-leave system, paper application forms are replaced by online process, hence reducing our use of paper. In our offices, all printers are set to print on both sides by default to conserve paper. Moreover, we recycle where possible and send used materials such as office paper and toner cartridge to authorized dealers for recycling.

In 2020, the Group recycled 4,260 kg of waste paper and received certification of CO<sub>2</sub> reduction in paper-recycling presented by Confidential Materials Destruction Service Limited. Besides, consumption of paper and toner cartridges within the Group in 2020 were down by 75.8% and 32.4% respectively compared with 2019. The arrangement of work from home amid COVID-19 has reduced resources consumption. Nevertheless, with our commitment to conserve resources, the significant drops in resources consumption were far beyond the impacts of the crisis.



CO<sub>2</sub> saved from paper conservation

tonnes of CO<sub>2</sub> equivalent **20.5**



Consumption of toner cartridges in 2020

**32.4%**



Consumption of paper in 2020

**75.8%**



5.2 Summary of Environmental Performances<sup>1</sup>

	Unit	2020	2019
<b>Greenhouse gas (GHG) emissions<sup>2</sup> and intensity within the Group</b>			
Direct GHG emissions (Scope 1 <sup>3</sup> )	tonnes of CO <sub>2</sub> equivalent (tonnes CO <sub>2</sub> e)	5.8	5.8
Direct GHG emissions (Scope 1) intensity	tonnes CO <sub>2</sub> e/ employee	0.02	0.02
Indirect GHG emissions (Scope 2 <sup>4</sup> )	tonnes CO <sub>2</sub> e	377.7*	312.8*
Indirect GHG emissions (Scope 2) intensity	tonnes CO <sub>2</sub> e/ employee	1.4*	1.3*
<b>Energy consumption and intensity within the Group</b>			
Electricity consumption	MWh	468*	413
Electricity intensity	MWh/employee	2.0*	1.7*
<b>Fuel consumed within the Group</b>			
Gasoline consumption	litre	2,097.0	2,139.1
<b>Resources consumed within the Group</b>			
Paper	tonnes	2.4*	9.9*
Toner cartridges	pieces	146*	216*
<b>Waste disposed within the Group</b>			
Non-hazardous waste	tonnes	5.2	5.2
Hazardous waste	tonnes	0	0
<b>Resources recycled within the Group</b>			
Paper	tonnes	4.3	6.7
Plastic	kg	36.9	45.7
Toner cartridges	pieces	87*	153*

All environmental figures reported above indicate the environmental data of the Group's operation in Hong Kong, while data marked with \* include our mid-size operations in Shanghai, Singapore and Kuala Lumpur.

Due to the outbreak of COVID-19, the Group adopted work-from-home arrangement which led to a significant drop in waste disposal, resources consumption and recycling. Besides, to reduce the risk of the virus spread in the office, the Group opened the Shatin office in Hong Kong as a site for business continuity. During the year, our office in Shanghai was also renovated and expanded. Therefore, there is an observable increase in energy consumption.

<sup>1</sup> Water consumption of the Hong Kong office is not available as it is centrally managed by the landlord.

<sup>2</sup> The Group's GHG inventory includes carbon dioxide, methane and nitrous oxide. GHG emissions data is presented in carbon dioxide equivalent.

<sup>3</sup> Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by us, such as emissions from gasoline used by the corporate fleet.

<sup>4</sup> Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity consumed by us.

## Appendix HKEx ESG Guide Content Index

Indicators		Chapter/Statement	Page
<i>A. Environmental</i>			
<b>Aspect A1: Emissions</b>			
General Disclosure	Disclosure statement	Environmental and Resources Management	68
KPI A1.1	The types of emissions and respective emissions data	Not applicable – Emissions of NOx, SOx and other pollutants are immaterial to our business operations	Not applicable
KPI A1.2	Greenhouse gas emissions in total and intensity	Summary of Environmental Performance	69
KPI A1.3	Total hazardous waste produced	Summary of Environmental Performance	69
KPI A1.4	Total non-hazardous waste produced	Summary of Environmental Performance	69
KPI A1.5	Measures to mitigate emissions and results achieved	Environmental and Resources Management	68
KPI A1.6	How hazardous and non-hazardous wastes are handled, reduction initiatives and results Achieved	Environmental and Resources Management	68
<b>Aspect A2: Use of Resources</b>			
General Disclosure	Disclosure statement	Environmental and Resources Management	68
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Summary of Environmental Performance	69
KPI A2.2	Water consumption in total and intensity	Summary of Environmental Performance	69
KPI A2.3	Energy use efficiency initiatives and results achieved	Environmental and Resources Management	68

## Environmental, social and governance report

Indicators		Chapter/Statement	Page
KPI A2.4	Water efficiency initiatives and results achieved	Not applicable – As an asset management firm with office operations only, we do not consume significant amount of water.	Not applicable
KPI A2.5	Total packaging material used for finished products	Not applicable – As an asset management firm, we do not consume significant amount of packaging materials for finished goods	Not applicable
<b>Aspect A3: The Environment and Natural Resources</b>			
General Disclosure	Disclosure statement	Environment	68
KPI A3.1	The significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental and Resources Management	68
<b>B. Social</b>			
<b>Aspect B1: Employment and Labor Practices</b>			
General Disclosure	Disclosure statement	Employment and Labor Practices	64-67
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Summary of Social Performance	67
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Disclosure statement	Health and Safety	66
KPI B2.1	Number and rate of work-related fatalities	Summary of Social Performance	67
KPI B2.2	Lost days due to work injury	Summary of Social Performance	67
KPI B2.3	Occupational health and safety measures	Health and Safety	66
<b>Aspect B3: Development and Training</b>			
General Disclosure	Disclosure statement	Development and Training	66

## Environmental, social and governance report

Indicators		Chapter/Statement	Page
<b>Aspect B4: Labor Standards</b>			
General Disclosure	Disclosure statement	Welfare and Labor Standards	65
KPI B4.1	Measures to review employment practices to avoid child and forced labor	Welfare and Labor Standards	65
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Disclosure statement	Supply Chain Management	64
KPI B5.2	Practices relating to engaging suppliers and number of suppliers engaged	Supply Chain Management	64
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Disclosure statement	Operating Practices	58-64
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable as the Group solely involves in asset management business and does not deliver physical goods	Not applicable
KPI B6.5	Consumer data protection and privacy policies	Protecting Data Privacy	63-64
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Disclosure statement	Ethical Business Behaviors	62-63
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	There were no concluded legal cases regarding corrupt practices brought against the Group or our employees	Not applicable
KPI B7.2	Preventive measures and whistle-blowing procedures	Ethical Business Behaviors	62-63
<b>Aspect B8: Community Investment</b>			
General Disclosure	Disclosure statement	Community Involvement	67-68
KPI B8.1	Focus areas of contribution	Community Involvement	67-68
KPI B8.2	Resources contributed to the focus area	Community Involvement	67-68



Independent Auditor's Report to the Shareholders of  
Value Partners Group Limited  
*(incorporated in Cayman Islands with limited liability)*

## Opinion

### What we have audited

The consolidated financial statements of Value Partners Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 80 to 142, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent auditor's report

### Key Audit Matters (continued)

Key audit matters identified in our audit are summarised as follows:

- Fee income recognition
- Valuation of investments in investment properties and loan note
- Valuation of other investments that are categorised within level 3 of the fair value hierarchy

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Fee income recognition</b></p> <p>For the year ended 31 December 2020, the Group has recognised fee income of HK\$2,561.5 million, which primarily includes management fees of HK\$1,013.2 million and performance fees of HK\$1,468.1 million.</p> <p>We focused on this area due to the significance of the amount and the risks arising from the manual process involved in fee income recognition.</p> <p>The calculation of management fee and performance fee income is largely a manual process and there is an inherent risk of material misstatement due to the following:</p> <ul style="list-style-type: none"><li>a) Interpretation of contractual terms from the relevant prospectus or investment management agreements;</li><li>b) Manual input of key contractual terms and fee rates in relevant spreadsheets; and</li><li>c) Manual input of details of assets under management obtained from the third party administrators.</li></ul> <p>The Group's disclosures of fee income are detailed in note 6 to the consolidated financial statements.</p>	<p>Our work included an assessment and testing of management's key controls on fee income recognition:</p> <ol style="list-style-type: none"><li>1. We evaluated and tested the key controls in place over the calculation of management fee and performance fee income;</li><li>2. We evaluated the independent internal control reports issued by relevant third party administrators; and</li><li>3. We evaluated and tested the controls in place over the maintenance of records of assets under management, including the reconciliation to custodian statements.</li></ol> <p>We also performed the following tests on a sample basis:</p> <ol style="list-style-type: none"><li>1. We reviewed the key contractual terms and agreed the fee rates against the contractual terms from the relevant prospectus or investment management agreements;</li><li>2. We checked the accuracy of the records of assets under management by examining relevant third party custodian statements;</li><li>3. We checked the mathematical accuracy of the fee calculations; and</li><li>4. We checked the settlement of the fee income.</li></ol> <p>We assessed the adequacy of the disclosures related to the valuation of investment funds in the context of the applicable financial reporting framework.</p> <p>No material issues arose from the above testing.</p>

## Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of investments in investment properties and loan note</b></p> <p>As at 31 December 2020, the Group held interests in various investment properties and loan note through a closed-end private equity real estate fund, Value Partners Asia Pacific Real Estate Limited Partnership (the “Real Estate Fund”). Through the Group's interest in the Real Estate Fund, the Group held:</p> <p>a) an investment property accounted for at fair value through profit or loss, amounting to HK\$181.0 million;</p> <p>b) investments in two joint ventures, accounted for under the equity method amounting to HK\$342.2 million, which included an assessment of the fair value of the joint ventures' underlying investment properties; and</p> <p>c) an investment in a loan note, which is related to an underlying investment property, accounted for at fair value through profit or loss amounting to HK\$476.9 million.</p> <p>The determination of the fair value of the investment properties and the loan note requires significant management judgment.</p> <p>External valuations were obtained to support management's estimates of the investment properties. The valuations of the investment properties are dependent on certain key assumptions that require significant judgment, including the capitalization rates and market rent.</p> <p>The valuation of the loan note was determined using discounted cash flow analysis, which is dependent on certain key assumptions that require significant management judgment.</p> <p>We focused on the valuation of these investments due to the significance of the amounts and high degree of estimation uncertainty. The inherent risk in relation to valuation of these investments is considered elevated due to the high complexity of the models and the significant management judgment involved in determining the values of these investments.</p> <p>The Group's disclosures of the investments in investment property, joint ventures and loan note are detailed in note 18, note 16 and note 4.3 to the consolidated financial statements, respectively.</p>	<p>Our work included an assessment of management's key controls over the valuation of the investments:</p> <ol style="list-style-type: none"> <li>We obtained an understanding of management's internal control and assessment process of the valuation methodologies and the process employed by management with respect to determining the fair values of the investments in investment properties and loan note. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.</li> </ol> <p>We also performed the following tests:</p> <ol style="list-style-type: none"> <li>We evaluated the appropriateness of the valuation methodologies and the key assumptions used by management for the investments in investment properties and loan note;</li> <li>We obtained the valuation reports for the investment properties and assessed the reasonableness of key assumptions used and checked, on a sample basis, the accuracy of key inputs used in the valuation process, agreeing the lease terms to tenancy agreements and other supporting documents and comparing the capitalization rates used with an estimated range of expected yields, determined by reference to published benchmarks and market information; and</li> <li>We obtained the valuation for the loan note and assessed the reasonableness of key assumptions used and checked, on a sample basis, the accuracy of key inputs used by management in the valuation.</li> </ol> <p>We assessed the adequacy of the disclosures related to the valuation of investments in investment properties and loan note in the context of the applicable financial reporting framework.</p> <p>Based on the above, we considered that management's judgements and assumptions applied in the valuation of these investments were supportable by the evidence obtained and procedures performed.</p>

## Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of other investments that are categorised within level 3 of the fair value hierarchy</b></p> <p>As at 31 December 2020, financial instruments measured at fair value of the Group included HK\$218.7 million investments in investment funds, which are categorised within level 3 of the fair value hierarchy. These level 3 investments include:</p> <ul style="list-style-type: none"><li>a) an investment fund managed by the Group, which invested in private debt instruments, amounting to HK\$214.4 million; and</li><li>b) an investment fund managed by an external fund manager, which invested in private equity instruments, amounting to HK\$4.3 million.</li></ul> <p>The determination of the fair value of the investment funds requires significant management judgment including the selection of appropriate valuation methods and assumptions based on market conditions existing as at 31 December 2020.</p> <p>Valuation techniques include market approaches using prices or other relevant information generated by market transactions involving identical or comparative assets or liabilities such as net asset values as provided by the relevant fund administrators. Where the investment funds are closed-ended or there were no recent transactions on the investment funds, the Group reviews the valuations of the underlying investments held by the respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as it considers appropriate.</p> <p>We focused on the valuation of the investment funds due to the significance of the amounts and high degree of estimation uncertainty. The inherent risk in relation to valuation of the investment funds is considered elevated due to the high complexity of the models and the significant management judgment involved in determining the values of these investments.</p> <p>The Group's disclosures of these investments are detailed in note 4.3 and 21 to the consolidated financial statements.</p>	<p>Our work included an assessment of management's key controls over the valuation of the investments:</p> <ul style="list-style-type: none"><li>1. We obtained an understanding of management's internal control and assessment process of the valuation methodologies and the process employed by management with respect to determining the fair values of the investment funds. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.</li></ul> <p>We also performed the following tests:</p> <ul style="list-style-type: none"><li>1. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as the complexity, subjectivity and changes of the valuation methodologies and the susceptibility to management bias or fraud;</li><li>2. We obtained independent confirmations from the relevant fund administrators to confirm the investment funds' net asset values as at 31 December 2020; and</li><li>3. On a sample basis, we reviewed the additional procedures performed by management to assess the appropriateness of adopting the net asset value of the investment funds as a basis in determining the fair value of the investment funds.</li></ul> <p>We assessed the adequacy of the disclosures related to the valuation of investment funds in the context of the applicable financial reporting framework.</p> <p>Based on the above, we considered that management's judgements and assumptions applied in the valuation of these investments were supportable by the evidence obtained and procedures performed.</p>

### Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Marie-Anne Sew Youne, Kong Yao Fah.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 11 March 2021

# Consolidated statements of comprehensive income

For the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Income</b>			
Fee income	6	2,561,449	1,603,918
Distribution fee expenses		(510,820)	(807,946)
<b>Net fee income</b>		<b>2,050,629</b>	<b>795,972</b>
Other income	7	82,681	100,458
<b>Total net income</b>		<b>2,133,310</b>	<b>896,430</b>
<b>Expenses</b>			
Compensation and benefit expenses	8	(672,911)	(400,167)
Operating lease rentals		(9,086)	(8,987)
Depreciation of right-of-use assets – properties		(31,145)	(29,677)
Other expenses	9	(111,672)	(113,876)
<b>Total expenses</b>		<b>(824,814)</b>	<b>(552,707)</b>
<b>Operating profit (before other gains/losses)</b>		<b>1,308,496</b>	<b>343,723</b>
Net gains on investments		257,608	191,015
Unrealized gain on an investment held-for-sale	22	–	5,827
Fair value gain of an investment property	18	–	5,072
Net foreign exchange gains/(losses)		6,076	(8,584)
Others		50	500
<b>Other gains/(losses) – net</b>	10	<b>263,734</b>	<b>193,830</b>
<b>Operating profit (after other gains/losses)</b>		<b>1,572,230</b>	<b>537,553</b>
Finance costs		(3,450)	(5,627)
Share of gains of joint ventures		32,471	32,649
Profit before tax		1,601,251	564,575
Tax expense	11	(221,776)	(51,166)
<b>Profit for the year attributable to owners of the Company</b>		<b>1,379,475</b>	<b>513,409</b>
<b>Other comprehensive income/(loss) for the year</b> – Items that have been reclassified or may be subsequently reclassified to profit or loss			
Fair value gains on financial assets at fair value through other comprehensive income	27	–	280
Foreign exchange translation	27	43,531	(16,173)
<b>Other comprehensive income/(loss) for the year</b>	12	<b>43,531</b>	<b>(15,893)</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>1,423,006</b>	<b>497,516</b>
<b>Earnings per share attributable to owners of the Company</b> (HK cents per share)			
Basic earnings per share	13.1	74.4	27.7
Diluted earnings per share	13.2	74.4	27.7

The notes on pages 84 to 142 are an integral part of these consolidated financial statements.

# Consolidated balance sheet

As at 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	17	193,928	195,025
Right-of-use assets		14,627	40,466
Investment property	18	181,000	168,526
Intangible assets	19	16,360	15,409
Investment in joint ventures	16	342,229	318,504
Deferred tax assets	30	1,095	–
Investments	21	1,876,413	1,297,836
Other assets		2,654	11,634
		<b>2,628,306</b>	<b>2,047,400</b>
<b>Current assets</b>			
Investments	21	17,252	42,291
Investment held-for-sale	22	–	395,549
Fees receivable	24	1,495,304	179,434
Amounts receivable on sale of investments		139,500	–
Prepayments and other receivables		44,043	47,293
Cash and cash equivalents	25	1,974,408	2,200,778
		<b>3,670,507</b>	<b>2,865,345</b>
<b>Current liabilities</b>			
Investment held-for-sale	22	–	222
Accrued bonus		384,559	151,218
Distribution fee expenses payable	28	109,773	157,033
Borrowing	29	86,499	–
Other payables and accrued expenses		64,754	42,909
Lease liabilities		12,457	28,056
Current tax liabilities		170,768	40,640
		<b>828,810</b>	<b>420,078</b>
<b>Net current assets</b>		<b>2,841,697</b>	<b>2,445,267</b>
<b>Non-current liabilities</b>			
Accrued bonus		51,186	9,937
Borrowing	29	–	80,538
Lease liabilities		775	12,335
Deferred tax liabilities	30	–	413
		<b>51,961</b>	<b>103,223</b>
<b>Net Assets</b>		<b>5,418,042</b>	<b>4,389,444</b>
<b>Equity</b>			
Equity attributable to owners of the Company			
Issued equity	26	1,407,105	1,407,105
Other reserves	27	296,588	242,439
Retained earnings		3,714,349	2,739,900
<b>Total equity</b>		<b>5,418,042</b>	<b>4,389,444</b>

On behalf of the Board

SO Chun Ki Louis  
Director

Ho Man Kei Norman  
Director

The notes on pages 84 to 142 are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

For the year ended 31 December 2020

	Note	Attributable to owners of the Company			
		Issued equity HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
As at 1 January 2019		1,410,107	231,912	2,336,442	3,978,461
Profit for the year		–	–	513,409	513,409
<b>Other comprehensive income/(loss)</b>					
Fair value gains on financial assets at fair value through other comprehensive income	27	–	280	–	280
Foreign exchange translation	27	–	(16,173)	–	(16,173)
<b>Total comprehensive income/(loss)</b>		–	(15,893)	513,409	497,516
<b>Transactions with owners in their capacity as owners</b>					
Exercise of share options	26	(3,002)	–	–	(3,002)
Share-based compensation	26, 27	–	27,818	–	27,818
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options	27	–	(1,398)	1,398	–
Dividends to owners of the Company		–	–	(111,349)	(111,349)
<b>Total transactions with owners in their own capacity as owners</b>		(3,002)	26,420	(109,951)	(86,533)
As at 31 December 2019		1,407,105	242,439	2,739,900	4,389,444
As at 1 January 2020		1,407,105	242,439	2,739,900	4,389,444
Profit for the year		–	–	1,379,475	1,379,475
<b>Other comprehensive income</b>					
Foreign exchange translation	27	–	43,531	–	43,531
<b>Total comprehensive income</b>		–	43,531	1,379,475	1,423,006
<b>Transactions with owners in their capacity as owners</b>					
Share-based compensation	26, 27	–	13,710	–	13,710
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options	27	–	(3,092)	3,092	–
Dividends to owners of the Company		–	–	(408,118)	(408,118)
<b>Total transactions with owners in their own capacity as owners</b>		–	10,618	(405,026)	(394,408)
As at 31 December 2020		1,407,105	296,588	3,714,349	5,418,042

The notes on pages 84 to 142 are an integral part of these consolidated financial statements.

# Consolidated cash flow statement

For the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>			
Net cash generated from operations	33	252,514	351,504
Interest received from cash and cash equivalents, time deposits and restricted bank balances		21,472	37,594
Interest received from financial assets at fair value through profit or loss		32,022	22,527
Interest received from financial assets at fair value through other comprehensive income		–	8,197
Tax paid		(93,156)	(18,447)
<b>Net cash generated from operating activities</b>		<b>212,852</b>	<b>401,375</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(8,782)	(195,475)
Disposal of property, plant and equipment and intangible assets		529	500
Purchase of investments		(942,589)	(311,730)
Purchase of an investment held-for-sale		–	(389,500)
Return of shareholder's loans	16	8,746	16,628
Disposal of investments		917,760	1,193,255
Dividends received from investments		11,039	10,833
<b>Net cash (used in)/generated from investing activities</b>		<b>(13,297)</b>	<b>324,511</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(408,118)	(111,349)
Payments for share bought back		–	(3,002)
Share buy-back transaction costs		–	(9)
Principal elements of lease payments		(29,539)	(33,026)
Interest expense on borrowing		(2,111)	(3,025)
<b>Net cash used in financing activities</b>		<b>(439,768)</b>	<b>(150,411)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(240,213)</b>	<b>575,475</b>
Net foreign exchange gains/(losses) on cash and cash equivalents		13,843	(3,863)
Cash and cash equivalents at beginning of the year		2,200,778	1,629,166
<b>Cash and cash equivalents at end of the year</b>		<b>1,974,408</b>	<b>2,200,778</b>

The notes on pages 84 to 142 are an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 1 General Information

Value Partners Group Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office and its principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 43rd Floor, The Center, 99 Queen’s Road Central, Hong Kong, respectively.

The Company acts as an investment holding company. The activities of its principal subsidiaries are disclosed in Note 15. The Company and its subsidiaries (together, the “Group”) principally provides investment management services to investment funds and managed accounts. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 11 March 2021.

## 2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and investment property.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3 below.

#### **New and amended standards adopted by the group**

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### **New standards issued but are not effective for the financial year beginning 1 January 2020 and have not been early adopted**

There are no HKFRS or HK(IFRIC) Interpretations that are not yet effective that would be expected to have a material impact on the Group.



## 2 Summary of Significant Accounting Policies (continued)

### 2.2 Principles of consolidation and equity accounting

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

De-facto control of an entity may arise from circumstances where the Group does not have more than 50% of the voting power but it has the practical ability to direct the relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

#### (b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below).

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates.

The Group has invested in certain investment funds that it manages or advises. As an investment manager or investment advisor, the Group may put seed capital in investment funds that it manages or advises in order to facilitate their launch. The purpose of seed capital is to ensure that the investment funds can have a reasonable starting fund size to operate and to build track record. The Group may subsequently vary the holding of these seed capital investments depending on the market conditions and various other factors. The Group has applied the measurement exemption within HKAS 28 "Investments in Associates and Joint Ventures" for mutual funds, unit trusts and similar entities and such investments are classified as financial assets at fair value through profit or loss.

#### (c) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method (see (d) below), after initially being recognized at cost in the consolidated balance sheet.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 2 Summary of Significant Accounting Policies (continued)

### 2.2 Principles of consolidation and equity accounting (continued)

#### (d) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income of the investee in profit or loss and other comprehensive income, respectively. Dividends received or receivable from are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10 (a).

#### (e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

## 2 Summary of Significant Accounting Policies (continued)

### 2.2 Principles of consolidation and equity accounting (continued)

#### (f) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities and a narrow and well defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity. Consequently, investment funds are considered as “structured entities”.

### 2.3 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group and the fair value of any pre-existing equity interest in the subsidiary. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated statement of comprehensive income.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of noncontrolling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

### 2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 2 Summary of Significant Accounting Policies (continued)

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### 2.6 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income, with finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis with other (losses)/gains – net.

Translation differences on monetary financial assets such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gains or losses. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

#### (c) Translation from functional currency to presentation currency

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

## 2 Summary of Significant Accounting Policies (continued)

### 2.6 Foreign currency translation (continued)

#### (d) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint arrangement that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to the consolidated statement of comprehensive income.

### 2.7 Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, furniture and fixtures, office equipment and vehicles, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, or in the case of leasehold improvements, the shorter lease terms as follows:

Properties	Up to thirty two years
Leasehold improvements	Up to three years
Furniture and fixtures	Five years
Office equipment	Three years
Vehicles	Three years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognized in the consolidated statement of comprehensive income.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 2 Summary of Significant Accounting Policies (continued)

### 2.8 Intangible assets

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

#### (b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (five years).

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

#### (c) Others

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.



## 2 Summary of Significant Accounting Policies (continued)

### 2.9 Investment properties

Investment properties, principally comprising freehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of other gains or losses. The investment properties are held under Clear Miles Limited in which the functional currency is New Zealand dollar. The foreign exchange gains or losses from translation differences are recognised in other comprehensive income. Please refer to note 2.6(c) for details.

### 2.10 Impairment

#### (a) Impairment of intangible assets and other non-financial assets

Assets that have an indefinite useful life such as goodwill are not subject to amortization and are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (b) Impairment of investments and other financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

### 2.11 Investment held-for sale

Investments classified as held-for-sale when their carrying amount are to be recovered principally through a sale transaction or dilution and the sale and dilution is considered highly probable. The investments are stated at the lower of carrying amount and fair value less costs to sell.

The Group acts as an investment manager to a number of investment funds, and has provided seed capital for the set up of these funds. Certain funds for which controlling interest is held by the Group and which is expected to be diluted within one year from the date of establishment are classified as held-for-sale.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 2 Summary of Significant Accounting Policies (continued)

### 2.12 Investments and other financial assets

#### Classification

The Group may classify its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss (“FVPL”), at fair value through other comprehensive income (“FVOCI”) and at amortized cost. The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (“OCI”). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the financial assets. They are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The fair value of financial instruments traded in active markets (such as listed equity securities and listed investment funds) are based on last traded prices at the close of trading on the reporting date. An active market is a market in which transactions for the instruments take place with sufficient frequency and volume to provide pricing information on an ongoing basis. When trading of an listed security is suspended, the investment is valued at the Group’s estimate of its fair value.

Debt securities are fair valued based on quoted prices inclusive of accrued interest. The fair value of debt securities not quoted in an active market may be determined by the Group using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Group may value the debt securities using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Refer to Note 4.3 for the details of the valuation techniques used.

Unlisted investment funds are stated at fair value based on the net asset values of the respective funds obtained from the relevant fund administrators. When the net asset values of an investment fund is not executable, the Group reviews the valuations of the underlying investments to assess the appropriateness of the net asset value as provided by the relevant fund administrator. Refer to Note 4.3 for details.

## 2 Summary of Significant Accounting Policies (continued)

### 2.12 Investments and other financial assets (continued)

#### Measurement (continued)

##### *Equity instruments*

- The Group subsequently measures all equity investments at FVPL.
- Changes in the fair value of the financial assets at FVPL are recognized in other gains/losses in the consolidated statement of comprehensive income.
- Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Transfers between levels of the fair value measurement hierarchy are recognized as of the date of the event or change in circumstances that caused the transfer.

### 2.13 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The derivative financial instruments are designated as non-hedging instruments and are classified as current assets or liabilities. Changes in the fair value of any non-hedging derivative financial instruments are recognized immediately in the consolidated statement of comprehensive income.

### 2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 2 Summary of Significant Accounting Policies (continued)

### 2.15 Fees receivable

Fees receivable are initially recognized at fair value of the fee income receivable and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

### 2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and brokers with original maturities of three months or less.

### 2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds. Costs directly attributable to the repurchase of issued ordinary shares are shown in equity as a deduction and the nominal value of the shares repurchased is transferred from retained earnings to the capital redemption reserve.

### 2.18 Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the reporting date in the jurisdictions where the Group and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2 Summary of Significant Accounting Policies (continued)

### 2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities.

The Group recognizes revenue when or as it satisfies a performance obligation by transferring promised services (assets) to the customers in an amount to which the Group expects to be entitled in exchange for those services. Assets are transferred when or as the customer obtains control of those assets. The Group includes variable consideration in revenue when it is no longer highly probable of significant reversal – when the associated uncertainty is resolved. For some contracts with customers, the Group has discretion to involve a third party in providing services to the customer. Generally, the Group is deemed to be the principal in these arrangements because the Group controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

#### (a) Fee income from investment management activities

Management fees are recognized as the services are performed over time and are primarily based on agreed upon percentage of the net asset values of the investment funds and managed accounts.

Performance fees are recognized on the performance fee valuation day of the investment funds and managed accounts when there is a positive performance for the relevant performance period and it is determined that they are no longer highly probable of significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

#### (b) Fee income from fund distribution services

Front-end fees and rebates relating to the distribution services are recognized when the services are performed and the amount is known.

#### (c) Interest and dividend income

Interest income is recognized on a time-proportion basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

### 2.20 Distribution fee expenses

Distribution fee expenses represent rebates of management fee, performance fee and front-end fee income by the Group to the distributors for selling its products. Distribution fee expenses are recognized when or as the Group satisfies a performance obligation by transferring promised services (assets) to the customers in an amount of corresponding management fees, performance fees and front-end fees the Group expected to be entitled in exchange for those services.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 2 Summary of Significant Accounting Policies (continued)

### 2.21 Compensation and benefits

#### (a) Bonus

The Group recognizes a liability and an expense for bonuses on a formula that takes into consideration the profit attributable to owners of the Company after certain adjustments. The Group has a deferred bonus plan for certain eligible employees that allows such employees to receive bonus amounts in cash or in shares of nominated company funds managed by the Group with the fluctuations in share value earned/borne by the relevant employees. Amounts to be distributed under the bonus plans are expensed over the vesting period based on the estimated payout amount. The Group recognizes a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

#### (b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of share options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity. In the same financial period, the Company makes a recharge to the subsidiaries in respect of share options granted to the subsidiaries' employees.

#### (c) Pension obligations

The Group participates in various pension schemes which are defined contribution plans generally funded through payments to trustee-administered funds. The Group pays contributions to the pension schemes on a mandatory basis. The Group has no legal or constructive obligations to pay further contributions if the pension schemes do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The contributions are recognized as compensation and benefit expenses when they are due.

#### (d) Other employee benefits

Short-term employee benefit costs are charged in the period to which the employee services relate. Employee entitlements to annual leave and long-service leave are recognized when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the reporting date.

## 2 Summary of Significant Accounting Policies (continued)

### 2.22 Borrowing

Borrowing is initially recognized at fair value, net of transaction costs incurred. Borrowing is subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowing is removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

### 2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### 2.24 Operating leases

The Group leases various offices, carpark and equipment. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payment that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.



# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 2 Summary of Significant Accounting Policies (continued)

### 2.24 Operating leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

### 2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

### 2.26 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognized but is disclosed in the notes to the consolidated financial statements, where necessary, when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

### 3 Critical Accounting Estimates and Judgements

#### 3.1 Valuation of investment properties held directly or through Group's investments

The Group holds investment properties through Value Partners Asia Pacific Real Estate Limited Partnership (the "Real Estate Fund"). With the assistance of relevant external valuation specialists, the Group estimates fair values primarily by adopting the recent transacted price or the market approach. If information on current or recent comparable market transactions of investment property is not available, the fair values of investment properties are determined by using income approach and residual valuation techniques. The Group uses assumptions that are mainly based on current market conditions or proposed development plan for the highest and best use of the property at the year end. The valuations are carried out by considering market information or data from a variety of sources including:

- (i) Recently transacted prices of similar properties in the market. Valuation adjustments will be made to comparable transactions to reflect factors such as differences in time, location, building condition, age, size and view from the building. This is commonly known as the direct comparison method; and
- (ii) Market yields of similar properties, which will be adjusted and adopted as capitalization rates for deriving the capital values of income producing properties. This is commonly known as the income approach. The capital values of income producing properties can also be derived from discounted cash flow projections (based on estimates of future cash flows derived from the terms of any existing lease and other contracts, and from external evidence such as current market rentals for similar properties in the comparable location) with appropriate discount rates (which reflect current market risks of the uncertainty in the amount and timing of the cash flows).

The significant assumptions used in the estimation of fair values are those related to receipt of contractual rentals, expected future market rentals, vacancy periods and discount rates. The valuations are regularly reviewed and compared to actual market yield data, and actual transactions reported and known from the market. Relevant taxes are considered as part of valuation assumptions for estimation of fair values of the investment properties and reflected as part of the valuation of the investment properties.

#### Impact of COVID-19

When the Group has sought assistance from external valuers, the Group verifies major inputs in the external valuation reports, assesses property valuation movements and holds discussions with the external valuers including the impact of COVID-19. Although best estimate is used in estimating fair values, there are inherent limitations in any valuation technique. Estimated fair values may differ from the values that would have been used if a readily available market existed.

#### 3.2 Valuation of investments classified as level 3 in the fair value hierarchy

The Group holds financial instruments that are not traded or quoted in active markets. The Group uses its judgement to select the appropriate methods and make assumptions based on market conditions existing at the end of each reporting period to estimate the fair value of such financial instruments classified as level 3 in the fair value hierarchy. Valuation techniques include the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities such as net asset values as provided by fund administrators, broker quotes, last transacted price and discounted cash flow approach which utilizes inputs such as projected cash flow and discount rate. Broker quotes obtained from the pricing sources (such as pricing agencies or bond/debt market makers) may be indicative and not executable or binding. The Group would exercise judgement and estimates on the quantity and quality of pricing sources uses. Where no market data is available, the Group may value positions using its own models. Although best estimate is used in estimating fair values, there are inherent limitations in any valuation technique. Estimated fair values may differ from the values that would have been used if a readily available market existed.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 4 Financial Risk Management

### 4.1 Financial risk factors

The Group's activities in relation to financial instruments expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management programme focuses on the analysis, evaluation and management of financial risks and seeks to minimize potential adverse effects on the Group's financial performance.

#### (a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising primarily from fees receivable, bank deposits and investments denominated in foreign currencies. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations which are denominated in a currency that is not the entity's functional currency. Foreign currency exposures are covered by forward contracts and options whenever appropriate.

Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar (which is the functional currency of most of the Group's subsidiaries) is currently pegged to the United States dollar within a narrow range, the directors therefore consider that there are no significant foreign exchange risk with respect to the United States dollar.

The following table shows the approximate changes in the Group's post-tax profit for the year and equity in response to reasonable possible change in the foreign exchange rates to which the Group has significant exposure as at 31 December, with all other variables held constant.

	Change		Impact on post-tax profit		Impact on other components of equity	
	2020	2019	2020	2019	2020	2019
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
Australian dollar	+/- 5%	+/- 5%	+/- 28,496	+/- 25,750	-	-
New Zealand dollar	+/- 5%	+/- 5%	+/- 4,836	+/- 4,432	-	-
Great British pound	+/- 5%	+/- 5%	+/- 2,023	+/- 14	-	-
Renminbi	+/- 5%	+/- 5%	+/- 6,704	+/- 10,110	+/- 27,702	+/- 11,953
South Korean won	+/- 5%	+/- 5%	+/- 1,930	+/- 1,930	-	-

Refer to Notes 21, 24, 25, 28 and 29 below for additional disclosures on foreign exchange exposure.

#### (b) Interest rate risk

The Group's expenses and financing cash flows are substantially independent of changes in market interest rates as the Group has no interest bearing liabilities.

The Group is exposed to cash flow interest rate risk in respect of bank deposits which are interest-bearing at variable rates. All deposits are short-term deposits with maturities less than one year.

#### *Cash flow and fair value interest rate risk*

As at 31 December 2020, if interest rates had been 50 basis points (2019: 50 basis points) (these represent a reasonable possible shift in the interest rates, having regard to the historical volatility of the interest rates) higher or lower with all other variables held constant, post-tax profit and equity for the year would have been HK\$1,552,000 higher or HK\$1,552,000 lower respectively (2019: HK\$92,000 higher or HK\$92,000 lower). The sensitivity analysis for the years ended 31 December 2020 and 31 December 2019 was primarily arising from the increase/decrease in interest income on cash and cash equivalents and interest expense on borrowings.

The Group considered that fair value interest rate risk is insignificant as at 31 December 2020 and 31 December 2019. Therefore, no sensitivity analysis has been prepared.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 4 Financial Risk Management (continued)

### 4.1 Financial risk factors (continued)

#### (c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group, which comprises investments in certain investment funds that it manages as seed capital and other investments in listed and unlisted equity securities and investment funds.

The table below summarizes the impact of increases or decreases in the markets in which the Group's investments operate. For the purpose of measuring sensitivity of the Group's investments against markets, the Group uses the correlation between the price movements of the MSCI China Index and the Group's investments because the Group's investments mainly focus on the Greater China equities market and the directors consider that the MSCI China Index is a well-known index representing the universe of opportunities for investments in the Greater China equities market available to non-domestic investors.

The analysis is based on the assumption that the index had increased or decreased by the stated percentages (these represent a reasonable possible shift in the index, having regard to the historical volatility of the index) with all other variables held constant and the Group's investments moved according to the historical correlation with the index.

	Change		Post-tax profit	
	2020	2019	2020 HK\$'000	2019 HK\$'000
MSCI China Index	+/- 10%	+/- 10%	+/- 41,931	+/- 24,015

Post-tax profit for the year would increase or decrease as a result of gains or losses on investments classified as financial assets at fair value through profit or loss and an investment held-for-sale. Refer to Note 21 below for additional disclosures on price risk.

In addition to securities price risk in respect of investments held by the Group, the Group is exposed to price risk indirectly in respect of management fee and performance fee income which are determined with reference to the net asset value and performance of the investment funds and managed accounts respectively.

#### (d) Credit risk

Credit risk arises from cash and cash equivalents, deposits with brokers, time deposits, related interest receivable placed with banks and financial institutions and amounts receivable on sale of investments. Credit risk also arises from credit exposures with respect to the investment funds and managed accounts on the outstanding fees receivable. The Group earns fees from investment management activities and fund distribution activities from the investment funds and managed accounts.

Credit risk is managed on a group basis and the credit quality of the counterparty is assessed, taking into account its financial position, past experience and other factors.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 4 Financial Risk Management (continued)

#### 4.1 Financial risk factors (continued)

##### (d) Credit risk (continued)

###### *Cash*

The table below summarizes the credit quality (as illustrated by credit rating) of cash and cash equivalents, deposits with brokers, time deposits and related interest receivable placed with banks.

	2020 HK\$'000	2019 HK\$'000
AA-	65,530	44,768
A+	17,134	16,101
A	1,212,850	1,579,202
A-	132,944	22,865
BBB+	315,779	148,785
BBB	231,102	392,569
Unrated	2,667	2,060
	<b>1,978,006</b>	<b>2,206,350</b>

The reference independent credit rating used is Standard & Poor's, Fitch Ratings or Moody's long-term local issuer credit rating. The directors do not expect any losses from non-performance by these counterparties.

## 4 Financial Risk Management (continued)

### 4.1 Financial risk factors (continued)

#### (d) Credit risk (continued)

##### *Amount receivable on sale of investments*

The table below summarizes the credit quality (as illustrated by credit rating) of amount receivable on sale of investments.

	2020 HK\$'000	2019 HK\$'000
A-	139,500	–

The reference independent credit rating used is Standard & Poor's long-term local issuer credit rating. The amount receivable as at 31 December 2020 represents the receivable on sale of investment funds and it has been subsequently settled in January 2021.

##### *Fees receivable*

As at 31 December 2020, fees receivable including management fee, performance fee and front-end fee from the five major investment funds and managed accounts amounted to HK\$1,268,157,000 (2019: HK\$136,355,000), which accounted for 85% (2019: 76%) of the total outstanding balance. Refer to Note 24 below for additional disclosures on credit risk.

##### *Impairment of financial assets*

Fee receivables and other receivables are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all fee receivables and other receivables.

To measure the expected credit losses, fee receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of fee receivables over a period of 36 month before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the Group's past experience in collecting the outstanding fee receivables, the chance of unsuccessful collection of fee receivables and other receivables were minimal. The Group considered that the expected loss rates for fee receivables are minimal, and no loss allowance is recognized.

Fee receivables and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on fee receivables and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. Except for the impairment loss of HK\$344,000 (2019: HK\$3,000,000) on other receivables which was related to the contingent consideration receivables for disposed of the Group's small loan business in Chengdu, no impairment losses on fee receivables and other receivables are recognized as at 31 December 2020 and 2019.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 4 Financial Risk Management (continued)

#### 4.1 Financial risk factors (continued)

##### (e) Liquidity risk

The Group manages liquidity risk by maintaining a sufficient amount of liquid assets to ensure daily operational requirements are fulfilled. As at 31 December 2020, the Group held liquid assets of HK\$1,974,408,000 (2019: HK\$2,200,778,000), being cash and cash equivalents, that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's financial assets and liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cashflow.

	2020			2019		
	No stated maturity HK\$'000	Less than 1 year HK\$'000	Between 1 and 5 years HK\$'000	No stated maturity HK\$'000	Less than 1 year HK\$'000	Between 1 and 5 years HK\$'000
<b>Assets</b>						
Investments						
Non-derivative financial instruments	1,416,802	–	476,863	900,350	–	439,777
Investment held-for-sale	–	–	–	–	395,549	–
Fees receivable	–	1,495,304	–	–	179,434	–
Amounts receivable on sale of investments	–	139,500	–	–	–	–
Prepayment and other receivables	–	30,818	–	–	40,884	–
Cash and cash equivalents	442,152	1,532,256	–	161,538	2,039,240	–
	<b>1,858,954</b>	<b>3,197,878</b>	<b>476,863</b>	<b>1,061,888</b>	<b>2,655,107</b>	<b>439,777</b>
<b>Liabilities</b>						
Investment held-for-sale	–	–	–	–	(222)	–
Accrued bonus	–	(384,559)	(51,186)	–	(151,218)	(9,937)
Distribution fee expenses payable	–	(109,773)	–	–	(157,033)	–
Other payables and accrued expenses	(5,466)	(59,288)	–	(2,896)	(40,013)	–
Borrowing	–	(86,499)	–	–	–	(80,538)
Lease liabilities	–	(12,457)	(775)	–	(28,056)	(12,335)
	<b>(5,466)</b>	<b>(652,576)</b>	<b>(51,961)</b>	<b>(2,896)</b>	<b>(376,542)</b>	<b>(102,810)</b>
<b>Cumulative gap</b>	<b>1,853,488</b>	<b>2,545,302</b>	<b>424,902</b>	<b>1,058,992</b>	<b>2,278,565</b>	<b>336,967</b>



## 4 Financial Risk Management (continued)

### 4.2 Capital risk management

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities. The Group monitors capital on the basis of total equity as shown in the consolidated balance sheet. The Group's strategy is to maintain a solid capital base to support the operations and development of its business in the long term.

Under the term of the borrowing, the Group is required to comply with certain financial covenants. The Group has complied with the covenants of the borrowing throughout the year.

During the year ended 31 December 2020, Sensible Asset Management Hong Kong Limited, Sensible Asset Management Limited, Value Partners Hong Kong Limited, Value Partners Limited and Value Partners Private Equity Limited, wholly-owned subsidiaries of the Group, are licensed to carry out regulated activities under the Hong Kong Securities and Futures Ordinance ("SFO"). These regulated entities are subject to and complied with the paid-up capital and liquid capital requirements under the SFO during the year ended 31 December 2020 and 2019.

Value Partners Asset Management Singapore Pte. Ltd, a wholly owned subsidiary of the Group, holds a Capital Market Services License for Fund Management issued by the Monetary Authority of Singapore under the Securities and Futures Act ("SFA"). The company is subject to and complied with the paid-up capital and liquid capital requirements under SFA during the year ended 31 December 2020 and 2019.

Value Partners Investment Management (Shanghai) Limited, a wholly owned subsidiary of the Group, has been registered with the Asset Management Association of China ("AMAC") as a private fund management firm on 9 November 2017. The company is subject to and complied with the paid-up capital requirements under the AMAC during the year ended 31 December 2020 and 2019.

Value Partners (UK) Limited, a wholly owned subsidiary of the Group, has been given permission by Financial Conduct Authority ("FCA") to provide regulated products and services since 1 March 2018. The company is subject to and complied with the paid-up capital and liquid capital requirements under the FCA during the year ended 31 December 2020 and 2019.

Value Partners Asset Management Malaysia Sdn. Bhd., a wholly owned subsidiary of the Group, holds a Capital Markets Services License for Fund Management issued by the Securities Commission Malaysia. The company is subject to, and complied with the paid-up capital requirement under the Securities Commission Malaysia during the year ended 31 December 2020 and 2019.

	Types of regulated activities <sup>(b)</sup>
Sensible Asset Management Hong Kong Limited <sup>(a)</sup>	Types 4 and 9
Sensible Asset Management Limited <sup>(a)</sup>	Types 4 and 9
Value Partners Hong Kong Limited <sup>(a)</sup>	Types 1, 2, 4, 5 and 9
Value Partners Limited <sup>(a)</sup>	Types 1, 2, 4, 5 and 9
Value Partners Private Equity Limited <sup>(a)</sup>	Types 4 and 9
Value Partners Asset Management Singapore Pte. Ltd	Capital Market Services for Fund Management
Value Partners Investment Management (Shanghai) Limited	Private Fund Management
Value Partners (UK) Limited	Providing Regulated Products and Services
Value Partners Asset Management Malaysia Sdn. Bhd.	Fund Management

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 4 Financial Risk Management (continued)

### 4.2 Capital risk management (continued)

- (a) The regulated entities are subject to specified licensing conditions.
- (b) The types of SFO regulated activities are as follows:  
 Type 1: Dealing in securities  
 Type 2: Dealing in futures contracts  
 Type 4: Advising on securities  
 Type 5: Advising on futures contracts  
 Type 9: Asset management

### 4.3 Fair value estimation

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting period by level of the fair value measurement hierarchy.

	Level 1		Level 2		Level 3		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Investments (Note 21)								
Listed securities	239,385	231,431	-	-	-	-	239,385	231,431
Unlisted securities								
Loan note – Australia	-	-	-	-	476,863	439,777	476,863	439,777
Equity securities	-	-	1,300	1,425	-	-	1,300	1,425
Investment funds	-	-	957,414	463,034	218,703	204,460	1,176,117	667,494
Investment held-for-sale (Note 22)	-	-	-	395,327	-	-	-	395,327
Sub-total	239,385	231,431	958,714	859,786	695,566	644,237	1,893,665	1,735,454

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for the financial assets held by the Group is the current last traded price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3. Specific valuation techniques used to value level 3 financial instruments include:

- Quoted bid prices (or net asset value) provided by fund administrators for unlisted investment funds. These investment funds invest substantially in private debt instruments and private equities.
- Other techniques, such as recent arm's length transactions, discounted cash flow analysis or reference to other instruments that are substantially the same, for the remaining financial instruments.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 4 Financial Risk Management (continued)

#### 4.3 Fair value estimation (continued)

The following table presents the movement of level 3 instruments.

	Year ended 31 December 2020				Year ended 31 December 2019			
	Listed securities HK\$'000	Unlisted securities – investment funds HK\$'000	Unlisted securities – loan note HK\$'000	Total HK\$'000	Listed securities HK\$'000	Unlisted securities – investment funds HK\$'000	Unlisted securities – loan note HK\$'000	Total HK\$'000
As at 1 January	–	204,460	439,777	644,237	178	6,968	390,856	398,002
Addition	–	1,164	–	1,164	–	196,250	–	196,250
Gains/(losses) recognized in profit or loss	–	13,079	37,086	50,165	(178)	1,242	48,921	49,985
<b>As at 31 December</b>	<b>–</b>	<b>218,703</b>	<b>476,863</b>	<b>695,566</b>	<b>–</b>	<b>204,460</b>	<b>439,777</b>	<b>644,237</b>
Total gains/(losses) for the year included in the consolidated statement of comprehensive income for level 3 instruments for the year	–	13,079	37,086	50,165	(178)	1,242	48,921	49,985
Change in unrealized gains or losses for level 3 instruments held at year end and included in profit or loss	–	13,079	37,086	50,165	(178)	1,242	48,921	49,985

As at 31 December 2020 and 31 December 2019, the level 3 instruments include a suspended listed security, two investment funds and a loan note with a related call option (Note 21).

The Group uses its judgement to select appropriate methods and make assumptions based on market conditions existing at the end of each reporting period.

As at 31 December 2020 and 31 December 2019, the suspended listed security was marked to zero as a result of illiquidity adjustment.

As at 31 December 2020 and 31 December 2019, the investment funds were stated with reference to the net asset value provided by the relevant administrators of the investment funds.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 4 Financial Risk Management (continued)

#### 4.3 Fair value estimation (continued)

During the year ended 31 December 2020, the addition of level 3 investment funds amounting HK\$1,164,000 represents a capital contribution of an existing private equity fund. During the year ended 31 December 2019, the addition amounting to HK\$196,250,000 represents a private investment fund which primarily invests in private debt equities.

As level 3 investment funds are closed-ended, the Group reviews the valuations of the underlying investments held by respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as they consider appropriate.

As at 31 December 2020 and 31 December 2019, the loan note with a related call option was valued using discounted cash flow analysis with expected market yield of 5.25% (the discount rate) (2019: 5.5%) as the unobservable input. Sensitivity analysis is not presented as a reasonable possible shift in the discount rate would not result in significant change in the fair value of the loan note with a related call option.

The Group considers that the change in the input to the valuation models disclosed above would not have a significant effect on the consolidated financial statements. No quantitative analysis has been presented.

There were no transfers between levels of the fair value measurement hierarchy for the year ended 31 December 2020 (2019: Nil).

The carrying amount of borrowing recorded at amortized cost in the consolidated financial statements approximate its fair value.

The maturities of fees receivable, amounts receivable on sale of investments, other receivables, deposits with brokers, time deposits, cash and cash equivalents and financial liabilities are within one year, and the carrying value approximates their respective fair values.

### 5 Segment Information

The Board of Directors reviews the Group's internal financial reporting and other information and also obtains other relevant external information in order to assess performance and allocate resources and operating segments are identified with reference to these.

The Group determines its operating segments based on the information reviewed by the Board of Directors, which is used to make strategic decisions. The Board of Directors evaluates the business from a product perspective.

The Group identified one reportable segment – asset management business as at 31 December 2020 and 2019. The asset management business is the Group's core business. It derives revenues from investment management services to investment funds and managed accounts.

The Board of Directors assesses the performance of the operating segments based on a measure of profit before tax.

The revenue, profit before tax, total assets and total liabilities reported to the Board of Directors is measured in a manner consistent with that in the consolidated financial statements.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 5 Segment Information (continued)

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

The Company is domiciled in the Cayman Islands with the Group's major operations in the Greater China. The revenue from external customers mainly arises from the Greater China region. The Board of Directors considers that substantially all the assets of the Group are located in Hong Kong.

Revenues of approximately HK\$30,437,000 (2019: HK\$56,813,000) are derived from a single external customer of the asset management business segment.

## 6 Revenue

Revenue consists of fees from investment management activities and fund distribution activities.

	2020 HK\$'000	2019 HK\$'000
Performance fees	1,468,063	55,263
Management fees	1,013,168	1,362,455
Front-end fees	80,218	186,200
<b>Total fee income</b>	<b>2,561,449</b>	<b>1,603,918</b>

## 7 Other Income

	2020 HK\$'000	2019 HK\$'000
Interest income on cash and cash equivalents	18,991	38,557
Interest income from financial assets at fair value through profit or loss	32,529	22,633
Interest income from financial assets at fair value through other comprehensive income	–	4,620
Dividend income on financial assets at fair value through profit or loss	13,382	15,012
Rental income from an investment property	11,199	11,498
Rental income from a property	469	1,225
Others	6,111	6,913
<b>Total other income</b>	<b>82,681</b>	<b>100,458</b>

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 8 Compensation and Benefit Expenses

	2020 HK\$'000	2019 HK\$'000
Salaries, wages and other benefits	242,487	239,066
Management bonus	412,046	127,141
Share-based compensation (Notes 26 and 27)	13,710	27,818
Pension costs	4,668	6,142
<b>Total compensation and benefit expenses</b>	<b>672,911</b>	<b>400,167</b>

#### 8.1 Pension costs – mandatory provident fund scheme

There were no forfeited contributions utilized during the year ended 31 December 2020 (2019: Nil) and as at 31 December 2020 (2019: Nil) to reduce future contributions.

As at 31 December 2020, no contributions were payable to the mandatory provident fund scheme (2019: Nil).

#### 8.2 Five highest-paid individuals

The five highest-paid individuals in the Group during the year ended 31 December 2020 included four (2019: three) directors whose emoluments are reflected in the analysis shown in Note 38. Details of the remuneration of the remaining highest-paid individuals are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries, wages and other benefits	3,413	6,820
Management bonus	35,000	25,515
Share-based compensation	2,357	6,681
Pension costs – mandatory provident fund scheme	18	36
	<b>40,788</b>	<b>39,052</b>

The remaining one (2019: two) individual emoluments were within the following bands:

	Number of individuals	
	2020	2019
HK\$10,000,001 to HK\$20,000,000	–	1
HK\$20,000,001 to HK\$30,000,000	–	1
HK\$40,000,001 to HK\$50,000,000	1	–

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 8 Compensation and Benefit Expenses (continued)

#### 8.3 Senior management remuneration by band

Details of the remuneration of the senior management were within the following bands:

	Number of individuals	
	2020	2019
Below HK\$5,000,000	6	9
HK\$5,000,001 to HK\$10,000,000	4	1
HK\$15,000,001 to HK\$20,000,000	1	1
HK\$20,000,001 to HK\$25,000,000	–	1
HK\$40,000,001 to HK\$50,000,000	1	–

#### 8.4 Deferred Bonus

During the year ended 31 December 2020, a portion of the management bonus granted to the employees and directors of the Group was deferred and payable to the employees and directors if they remain employed with the Group throughout the vesting period between 12 to 36 months. These deferred bonuses are recognized as an expense over the relevant vesting period.

Starting from 2018, the Group offered employees eligible to deferred bonus the ability to elect settlement of such deferred bonus in shares of nominated company funds managed by the Group. The table below summarizes the deferred bonuses as at 31 December.

	2020	2019
	HK\$'000	HK\$'000
Deferred bonus	21,128	7,530



## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 9 Other Expenses

	2020 HK\$'000	2019 HK\$'000
Legal and professional fees	12,389	14,228
Research expenses	16,831	15,548
Marketing expenses	8,004	9,346
Depreciation, amortization and impairment charges	20,876	20,472
Travelling expenses	1,826	7,566
Office expenses	5,723	6,042
Insurance expenses	6,170	5,941
Recruitment expenses	1,934	4,262
Auditor's remuneration	3,967	4,628
Entertainment expenses	2,873	3,011
Registration and licensing fees	1,427	1,538
Donations	399	39
Others	29,253	21,255
<b>Total other expenses</b>	<b>111,672</b>	<b>113,876</b>

### 10 Other Gains/(Losses) – Net

	2020 HK\$'000	2019 HK\$'000
Net gains on investments		
Net realized gains on financial assets at fair value through profit or loss	70,576	124,066
Net unrealized gains on financial assets at fair value through profit or loss	187,032	66,949
Unrealized gain on an investment held-for-sale	–	5,827
Fair value gain of an investment property	–	5,072
Others		
Net foreign exchange gains/(losses)	6,076	(8,584)
Gains on disposal of property, plant and equipment	50	500
<b>Total other gains/(losses) – net</b>	<b>263,734</b>	<b>193,830</b>

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 11 Tax Expense

Under current tax laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Group. As a result, no provision for Cayman Islands income and capital gains taxes has been made in the consolidated financial statements.

Hong Kong profits tax has been provided on the estimated assessable profit for the year ended 31 December 2020 at the rate of 16.5% (2019: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	2020 HK\$'000	2019 HK\$'000
<b>Current tax</b>		
Hong Kong profits tax	198,156	42,766
Overseas tax	22,012	10,405
Adjustments in respect of prior years	3,116	(1,989)
<b>Total current tax</b>	<b>223,284</b>	<b>51,182</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 30)	(1,508)	(16)
<b>Total tax expense</b>	<b>221,776</b>	<b>51,166</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2020 HK\$'000	2019 HK\$'000
<b>Profit before tax</b>	<b>1,601,251</b>	<b>564,575</b>
Tax calculated at domestic tax rates applicable to profits in the respective countries	276,250	91,475
Tax effects of:		
Non-taxable income and gains on investments	(72,498)	(93,723)
Non-deductible expenses and losses on investments	14,908	55,404
Adjustments in respect of prior years	3,116	(1,990)
<b>Tax expense</b>	<b>221,776</b>	<b>51,166</b>

The weighted average applicable tax rate was 17.3% (2019: 16.2%).

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 12 Other Comprehensive Income/(Loss)

	2020 HK\$'000	2019 HK\$'000
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
Fair value gains on financial assets at fair value through other comprehensive income (Note 27)	–	280
Foreign exchange translation	43,531	(16,173)
<b>Total other comprehensive income/(loss)</b>	<b>43,531</b>	<b>(15,893)</b>

### 13 Earnings Per Share

#### 13.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	2020	2019
Profit for the year attributable to owners of the Company (HK\$'000)	1,379,475	513,409
Weighted average number of ordinary shares in issue (thousands)	1,855,083	1,855,550
Basic earnings per share (HK cents per share)	74.4	27.7

#### 13.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the share options. For share options, a calculation is made to determine the number of ordinary shares that could have been acquired at fair value (determined as the average closing market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of ordinary shares calculated as above is compared with the number of ordinary shares that would have been issued assuming the exercise of the share options.

	2020	2019
Profit for the year attributable to owners of the Company (HK\$'000)	1,379,475	513,409
Weighted average number of ordinary shares in issue (thousands)	1,855,083	1,855,550
Adjustments for share options (thousands)	–	108
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,855,083	1,855,658
Diluted earnings per share (HK cents per share)	74.4	27.7

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 14 Dividends

	2020 HK\$'000	2019 HK\$'000
Proposed final dividend of HK26.0 cents (2019: HK9.0 cents) per ordinary share	482,321	166,957
Proposed special dividend of HK8.0 cents (2019: HK13.0 cents) per ordinary share	148,407	241,161
<b>Total dividends</b>	<b>630,728</b>	<b>408,118</b>

For the year ended 31 December 2020, the directors recommended a final dividend of HK26.0 cents per share and a special dividend of HK\$8.0 cents per share. The estimated total final dividend and total special dividend are HK\$482,321,000 and HK\$148,407,000 respectively. Such dividends are to be approved by shareholders at the Annual General Meeting of the Company on 30 April 2021 and have not been recognized as a liability at the balance sheet date.

## 15 Investments in Subsidiaries

### 15.1 Corporate structure

As at 31 December 2020, the Company had interests in the following principal subsidiaries:

Name	Place of incorporation	Principal activities and place of operation	Issued share capital	Effective interest held	
				Directly	Indirectly
Chief Union Investments Limited	Hong Kong	Money lending in Hong Kong	1 ordinary share	100%	-
Complete Value Investing Company Limited	Hong Kong	Investment holding	10,000 ordinary shares	-	100%
First Bravo Management Limited	British Virgin Islands	Dormant	1 ordinary share of US\$1	100%	-
Fortune Access Industries Limited	British Virgin Islands	Dormant	1 ordinary share of US\$1	-	100%
Gold One Industries Limited	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100%	-
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	1 ordinary share	100%	-
Prosperous Decade Sdn. Bhd.	Malaysia	Investment holding	500,000 ordinary shares of RM500,000	-	100%
Rough Seas Capital Holdings Limited	Hong Kong	Dormant	1,000,000 ordinary shares	100%	-
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management in Hong Kong	100,000,000 ordinary shares and 1,000,000 voting participating preference shares	100%	-
Sensible Asset Management Limited	British Virgin Islands	Investment management in Hong Kong	2,000,000 ordinary shares of US\$0.1 each	100%	-
Value Executive Solutions Co. Limited	Hong Kong	Dormant	1 ordinary share	100%	-
Value Funds Limited	Hong Kong	Investment holding	1 ordinary share	100%	-
Value Partners Asset Management Malaysia Sdn. Bhd.	Malaysia	Assets Management	6,600,000 ordinary share of RM6,600,000	100%	-
Value Partners (Cayman GP) II Ltd	Cayman Islands	Managing member of two investment funds managed by Value Partners Limited	1 ordinary share of US\$1	100%	-
Value Partners (UK) Limited	United Kingdom	Investment Management in United Kingdom	GBP1,550,000	100%	-

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 15 Investments in Subsidiaries (continued)

### 15.1 Corporate structure (continued)

Name	Place of incorporation	Principal activities and place of operation	Issued share capital	Effective interest held	
				Directly	Indirectly
Value Partners Asset Management Singapore Pte. Ltd.	Singapore	Investment management in Singapore	1,000,000 ordinary shares of S\$1 each	100%	–
Value Partners Corporate Consulting Limited	Hong Kong	Dormant	5,000,000 ordinary shares	100%	–
Value Partners Hong Kong Limited	Hong Kong	Investment management, investment holding and securities dealing in Hong Kong	385,000,000 ordinary shares	100%	–
Value Partners Index Services Limited	Hong Kong	Indexing services in Hong Kong	1 ordinary share	100%	–
Value Partners Investment Advisory Limited	Hong Kong	Consulting services in Hong Kong	25,000,000 ordinary shares	100%	–
Value Partners Limited	British Virgin Islands	Investment management, investment holding and securities dealing in Hong Kong	11,409,459 Class A ordinary shares and 3,893,318 Class B ordinary shares of US\$0.1 each	–	100%
Value Partners Marketplace Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Value Partners Private Equity Limited	British Virgin Islands	Investment management and provision of research and investment advisory services in Hong Kong	7,000,000 ordinary shares of US\$0.1 each	100%	–
Value Partners Technology Solutions Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Value Partners Technology Systems Limited	Hong Kong	Dormant	20,000,000 ordinary shares	100%	–
Value Partners (USA) LLC	USA	Dormant	USD1,000	–	100%
Valuegate Holdings Limited	British Virgin Islands	Trademark holding in Hong Kong	2 ordinary shares of US\$1 each	100%	–
Wisdom Resources Development Corporation	British Virgin Islands	Investment holding	1 ordinary share of US\$1	–	100%
惠理海外投資基金管理(上海)有限公司	PRC	Investment advisory in China	Registered capital of RMB20,000,000	–	100%
惠理投資管理(上海)有限公司	PRC	Investment management and advisory in China	Registered capital of RMB50,000,000	–	100%
惠理股權投資管理(深圳)有限公司	PRC	Equity investment in China	Registered capital of RMB18,000,000	–	100%
惠理企業管理(深圳)有限公司	PRC	Dormant	Registered capital RMB200,000,000	–	100%

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 15 Investments in Subsidiaries (continued)

#### 15.2 Interests in structured entities

In addition to the investment funds held by the Group disclosed in the Note 21, the Group also holds the following investment funds which are either consolidated within the Group or presented as investment held-for-sale.

	Place of incorporation	Effective interest held by the company			
		2020		2019	
		Directly	Indirectly	Directly	Indirectly
Value Partners Asia Pacific Real Estate Limited Partnership	Cayman Islands	–	100%	–	100%
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund <sup>(a)</sup>	Ireland	–	–	–	99%

(a) During the year ended 31 December 2020, further investors invested into Value Partners Ireland Fund ICAV-Value Partners Greater China High Yield Bond Fund. Hence, it was reclassified from “investment held for sale” to “financial asset at fair value through profit or loss”.

Refer to Note 23 for further information of Value Partners Asia Pacific Real Estate Limited Partnership.

Refer to Note 22 for further information of Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund.

### 16 Investment in Joint Ventures

As at 31 December 2020 and 31 December 2019, “Investments in joint ventures” represents the Group’s 50% equity interest in Value Investing Group Company Limited (“Value Investing”), Clear Miles Hong Kong Limited (“Clear Miles HK”) and VP-ZACD Holdings Pte. Ltd.. Value Investing has the trust beneficiary interests in three logistics centers in Japan and Clear Miles HK holds an Australian industrial property through its subsidiary.

	2020 HK\$'000	2019 HK\$'000
Beginning of the year	318,504	302,483
Deemed acquisition of a joint venture	–	–
Return of shareholder’s loans	(8,746)	(16,628)
Share of gains of joint ventures	32,471	32,649
End of the year	342,229	318,504

Shareholder’s loans are unsecured, non-interest bearing and have no fixed repayment terms. Shareholders call demand full repayment of loans upon written demand.

During the year, the Group set up a new joint venture, VP-ZACD Holdings Pte, Ltd.. As at 31 December 2020, the joint venture has no investments and activities.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 16 Investment in Joint Ventures (continued)

Details of the joint ventures of the Group which were directly held are as follows:

Name	Place of incorporation	Principal activities	Interest held	
			2020	2019
Value Investing Group Company Limited	Hong Kong	Investment holding	50%	50%
Clear Miles Hong Kong Limited	Hong Kong	Investment holding	50%	50%
VP-ZACD Holdings Pte. Ltd.	Singapore	Investment holding	50%	–

The Group's share of assets, liabilities and results of the joint venture are summarized below:

	Value Investing Group Company Limited		Clear Miles Hong Kong Limited	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Asset – non-current assets	311,615	298,893	46,613	33,130
Asset – current assets	407	580	1,464	1,953
Liabilities – current liabilities	(92)	(114)	(317)	(194)
Liabilities – non-current liabilities	–	–	(17,461)	(15,744)
<b>Net assets</b>	<b>311,930</b>	<b>299,359</b>	<b>30,299</b>	<b>19,145</b>
Other gains – net	28,037	30,401	10,669	4,445
Expenses	(4,595)	(1,001)	(1,117)	(1,071)
Tax expense	(36)	(36)	(487)	(89)
<b>Profit after tax</b>	<b>23,406</b>	<b>29,364</b>	<b>9,065</b>	<b>3,285</b>

There are no commitments and contingent liabilities relating to the Group's interest in the joint ventures, and no commitments and contingent liabilities of the joint ventures themselves.



# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 17 Property, Plant and Equipment

	Property HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Vehicles HK\$'000	Total HK\$'000
<b>As at 1 January 2019</b>						
Cost	–	34,090	2,368	17,834	2,900	57,192
Accumulated depreciation	–	(14,557)	(1,467)	(12,240)	(2,385)	(30,649)
<b>Net book amount</b>	<b>–</b>	<b>19,533</b>	<b>901</b>	<b>5,594</b>	<b>515</b>	<b>26,543</b>
<b>Year ended 31 December 2019</b>						
Opening net book amount	–	19,533	901	5,594	515	26,543
Adjustment for change in accounting policy	–	(2,375)	–	–	–	(2,375)
Opening net book amount (adjusted)	–	17,158	901	5,594	515	24,168
Additions	187,782 <sup>(a)</sup>	1,135	37	1,233	1,638	191,825
Disposals	–	(15,076)	–	–	(1,692)	(16,768)
Exchange differences	(7,888)	5	(2)	(2)	4	(7,883)
Depreciation (Note 9)	(2,372)	(6,979)	(343)	(2,843)	(548)	(13,085)
Write back of depreciation on disposal	–	15,076	–	–	1,692	16,768
<b>Closing net book amount</b>	<b>177,522</b>	<b>11,319</b>	<b>593</b>	<b>3,982</b>	<b>1,609</b>	<b>195,025</b>
<b>As at 31 December 2019</b>						
Cost	187,782	17,149	2,405	19,067	2,846	229,249
Accumulated depreciation	(10,260)	(5,830)	(1,812)	(15,085)	(1,237)	(34,224)
<b>Net book amount</b>	<b>177,522</b>	<b>11,319</b>	<b>593</b>	<b>3,982</b>	<b>1,609</b>	<b>195,025</b>
<b>Year ended 31 December 2020</b>						
Opening net book amount	177,522	11,319	593	3,982	1,609	195,025
Additions	–	3,821	615	204	–	4,640
Disposals	–	–	–	–	(250)	(250)
Exchange differences	11,284	303	51	20	(10)	11,648
Depreciation (Note 9)	(5,776)	(7,911)	(278)	(2,550)	(620)	(17,135)
<b>Closing net book amount</b>	<b>183,030</b>	<b>7,532</b>	<b>981</b>	<b>1,656</b>	<b>729</b>	<b>193,928</b>
<b>As at 31 December 2020</b>						
Cost	187,782	20,970	3,020	19,271	2,596	233,639
Accumulated depreciation	(4,752)	(13,438)	(2,039)	(17,615)	(1,867)	(39,711)
<b>Net book amount</b>	<b>183,030</b>	<b>7,532</b>	<b>981</b>	<b>1,656</b>	<b>729</b>	<b>193,928</b>

- (a) On 1 August 2019, a wholly owned subsidiary of the Group signed a sale and purchase agreement and completed the transaction to acquire 100% equity interest of a Hong Kong incorporated company named King Fung Limited (subsequently changed to “Complete Value Investing Company Limited” after this acquisition), which directly held office units in Shanghai, China with a consideration of US\$23.76 million (equivalent to HK\$185.8 million) and transaction costs of HK\$2.0 million which were directly attributable to the acquisition. As the office units are now in own-use, they are classified as “property, plant and equipment”.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 18 Investment Property

	2020 HK\$'000	2019 HK\$'000
Beginning of the year	168,526	167,663
Fair value gain	–	5,072
Foreign exchange translation	12,474	(4,209)
<b>End of the year</b>	<b>181,000</b>	<b>168,526</b>

On 21 September 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand with a consideration of HK\$146,390,000. The fair value of the investment property was HK\$181,000,000 at 31 December 2020 (31 December 2019: HK\$168,526,000).

The Group measures its investment property at fair value, with the help of an independent qualified valuer, Colliers International (Wellington Valuation) Limited. The fair value assessment is derived using the income approach and by making reference to recent transacted price or comparable sales transaction available in the relevant property market. The income approach applies a capitalization rate on market rent for deriving the capital value.

The Group's investment property is related to the investment in Value Partners Asia Pacific Real Estate Limited (the "Real Estate Partnership"). Refer to Note 23 for further information.

#### Amounts recognized in profit or loss for investment property

	2020 HK\$'000	2019 HK\$'000
Rental income	11,199	11,498
Direct operating expenses from property that generated rental income	2,482	2,581
Fair value gain recognized in other gains/losses – net	–	5,072

#### Fair value measurements using significant unobservable inputs

Information about fair value measurements using significant unobservable for 2020 and 2019 inputs is as follows:

Unobservable inputs	Retail	Student accommodation	Parking	Relationship of increase in unobservable inputs to fair value
Capitalization rate	6.0% (2019: 6.5%)	6.0% (2019: 6.5%)	6.0% (2019: 6.5%)	Decrease in the fair value.
Market rent	NZD290 (2019: NZD280) per square meter	NZD175 (2019: NZD175) per room per week	NZD45 (2019: NZD45) per space per week	Increase in the fair value.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 19 Intangible Assets

	Goodwill HK\$'000	Computer software HK\$'000	Others HK\$'000	Total HK\$'000
<b>As at 1 January 2019</b>				
Cost	54,435	28,485	7,500	90,420
Accumulated amortization	–	(18,595)	–	(18,595)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
<b>Net book amount</b>	<b>–</b>	<b>8,646</b>	<b>7,500</b>	<b>16,146</b>
<b>Year ended 31 December 2019</b>				
Opening net book amount	–	8,646	7,500	16,146
Additions	–	3,650	–	3,650
Amortization (Note 9)	–	(4,387)	–	(4,387)
<b>Closing net book amount</b>	<b>–</b>	<b>7,909</b>	<b>7,500</b>	<b>15,409</b>
<b>As at 31 December 2019</b>				
Cost	54,435	32,135	7,500	94,070
Accumulated amortization	–	(22,982)	–	(22,982)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
<b>Net book amount</b>	<b>–</b>	<b>7,909</b>	<b>7,500</b>	<b>15,409</b>
<b>Year ended 31 December 2020</b>				
Opening net book amount	–	7,909	7,500	15,409
Additions	–	4,142	–	4,142
Exchange differences	–	206	–	206
Amortization (Note 9)	–	(3,397)	–	(3,397)
<b>Closing net book amount</b>	<b>–</b>	<b>8,860</b>	<b>7,500</b>	<b>16,360</b>
<b>As at 31 December 2020</b>				
Cost	54,435	36,277	7,500	98,212
Accumulated amortization	–	(26,173)	–	(26,173)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
<b>Net book amount</b>	<b>–</b>	<b>8,860</b>	<b>7,500</b>	<b>16,360</b>

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 20 Investments in Associates

#### 20.1 Investments in associates measured at fair value

Where the Group has an interest in the investment funds that give the Group significant influence, but not control, the Group records such investments at fair value. Details of such investment funds are summarized as follow:

	Place of incorporation	Interest held	
		2020	2019
惠理中國新時代優選1號私募投資基金 <sup>(a)</sup>	China	22%	15%
惠理中國鴻信1號私募證券投資基金 <sup>(a)</sup>	China	30%	4%
惠理中國豐泰1號私募投資基金 <sup>(b)</sup>	China	–	22%
Value Partners Asia Principal Credit Fund Limited Partnership	Cayman Islands	29%	29%
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	South Korea	71%	31%
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund <sup>(b)&amp;(c)</sup>	Ireland	–	21%
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	China	49%	49%

	Net asset value		Profit/(loss) for the period/year and total comprehensive income	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
惠理中國新時代優選1號私募投資基金 <sup>(a)</sup>	41,424	82,663	10,901	31,087
惠理中國鴻信1號私募證券投資基金 <sup>(a)</sup>	13,201	54,851	6,491	2,328
惠理中國豐泰1號私募投資基金 <sup>(b)</sup>	–	16,006	–	3,828
Value Partners Asia Principal Credit Fund Limited Partnership	729,056	672,392	87,449	23,485
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	70,242	132,917	5,235	938
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund <sup>(b)&amp;(c)</sup>	–	248,408	–	48,071
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	5,942	5,662	(40)	(38)

(a) As at 31 December 2020, 惠理中國新時代優選1號私募投資基金 and 惠理中國鴻信1號私募證券投資基金 were recognized as “investment in associates”.

(b) As at 31 December 2020, 惠理中國豐泰1號私募投資基金 and Value Partners Ireland Fund ICAV – Value Partners Health Care Fund were derecognized from “investment in associates”.

(c) On 8 May 2019, Value Partners Ireland Fund plc’s name was changed to Value Partners Ireland Fund ICAV.

The fair value of the Group’s interest in such investment funds are summarized in Note 36.3.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 21 Investments

Investments include the following:

	2020 HK\$'000	2019 HK\$'000
<b>Listed securities (by place of listing)</b>		
Equity securities – Long – Hong Kong	8,420	38,441
Equity securities – Long – United States	370	307
Investment funds – Hong Kong	230,595	192,683
<b>Market value of listed securities</b>	<b>239,385</b>	<b>231,431</b>
<b>Unlisted securities (by place of incorporation/establishment)</b>		
Equity securities – Singapore	1,300	1,425
Investment funds – Australia	–	21,330
Investment funds – Cayman Islands	223,420	208,528
Investment funds – China	37,440	91,061
Investment funds – Hong Kong	181,305	125,585
Investment funds – Ireland	633,060	143,147
Investment funds – South Korea	49,707	41,115
Investment funds – United States	51,185	36,728
Loan note – Australia	476,863	439,777
<b>Fair value of unlisted securities</b>	<b>1,654,280</b>	<b>1,108,696</b>
Representing:		
Non-current	1,876,413	1,297,836
Current	17,252	42,291
<b>Total investments</b>	<b>1,893,665</b>	<b>1,340,127</b>

In addition to the above, an investment was classified as held-for-sale as at 31 December 2019. Refer to Note 22 for details.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 21 Investments (continued)

The Group provided seed capital to set up a number of investment funds, of which the Group acts as the investment manager or investment advisor. As at 31 December 2020 and 2019, except for the consolidated investment fund disclosed in Note 15.2, the Group determined that all of these investment funds are unconsolidated structured entities. Refer to Note 36.3 for details.

The maximum exposure to loss for all interests in structured entities is the carrying value of the investments in investment funds (refer to Note 36.3) and fees receivable as shown in the consolidated balance sheet. The size of the investment funds ranges from US\$8.8 million to US\$9.8 billion (2019: US\$3.7 million to US\$6.1 billion). During the year, other than seed capital, the Group did not provide other financial support to unconsolidated structured entities and has no intention of providing other support.

Investments are denominated in the following currencies:

	2020 HK\$'000	2019 HK\$'000
Australian dollar	477,170	461,341
Hong Kong dollar	242,105	231,580
Renminbi	35,045	88,450
Singapore dollar	18,078	1,611
South Korea won	49,707	41,115
United States dollar	1,070,434	515,603
Others	1,126	427
<b>Total investments</b>	<b>1,893,665</b>	<b>1,340,127</b>

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 22 Investment Held-for-Sale

The Group classified its interests in an investment fund as held-for-sale when the Group intends to market the fund and dilute its holdings as soon as practicably possible to a level where its aggregate economic interest does not constitute a control. During the year ended 31 December 2020, extend investors invested into Value Partners Ireland Fund ICAV-Value Partners Greater China High Yield Bond Fund and diluted the Group's holdings to a level where its aggregate economic interest does not constitute a control. Hence, this investment fund was reclassified from "investment held for sale" to "financial asset at fair value through profit or loss". As at 31 December 2019, the major assets of this investment fund was quoted debt securities and the total fair value of the investment held-for-sale was HK\$395,327,000.

#### Income recognized in other gains/(losses) – relating to an investment held-for-sale

	2019 HK\$'000
Change in unrealized gain on an investment held-for-sale	5,827

### 23 Investments in Value Partners Asia Pacific Real Estate Limited Partnership

In 2017, the Group set up the Real Estate Partnership to engage in real estate private equity business. The Group committed US\$100 million (equivalent to HK\$782 million) capital to the Real Estate Partnership, and the undrawn commitment amounted to US\$7 million (equivalent to HK\$54.3 million) as at 31 December 2020 (31 December 2019: US\$7 million (equivalent to HK\$54.7 million)). The Real Estate Partnership focuses on the acquisition of stabilized income assets in the Asia Pacific.

The Group has recognized investment gains and other income for the real estate private equity business. As at 31 December 2020 and 2019, the majority of the gains and incomes are unrealized.

As at 31 December 2020 and 2019, the Group held controlling interest in the Real Estate Partnership and all assets and liabilities of this fund was consolidated within the Group's condensed consolidated balance sheet.

	Place of incorporation	Effective interest held			
		31 December 2020		31 December 2019	
		Directly	Indirectly	Directly	Indirectly
Value Partners Asia Pacific Real Estate Limited Partnership	Cayman Islands	–	100%	–	100%



## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 23 Investments in Value Partners Asia Pacific Real Estate Limited Partnership (continued)

As at 31 December 2020 and 2019, the assets and liabilities held by the Real Estate Partnership consolidated within the Group's condensed consolidated balance sheet are as follows:

Underlying investments		Note	31 December 2020 HK\$'000	31 December 2019 HK\$'000
<b>Non-current assets:</b>				
Investments in joint ventures	– Three Japanese logistic centers	(i)		
	– One Australian industrial facility		342,229	318,504
Investment property	– One New Zealand student accommodation building	(ii)	181,000	168,526
Investments – Loan note	– One Australian office building	(iii)	476,863	439,777
<b>Non-current liability:</b>				
Borrowing		(iv)	–	(80,538)
<b>Current liability:</b>				
Borrowing		(iv)	(86,499)	–
Other net assets		(v)	93,783	50,284
<b>Total</b>			<b>1,007,376</b>	<b>896,553</b>

(i) The Real Estate Partnership held 50% equity interest in Value Investing and 50% equity interest in Clear Miles HK which held three logistic centers located in Japan and an industrial facility located in Australia, respectively. These interests are presented as "Investments in joint ventures" on the consolidated balance sheet. Refer to Note 16 for further details.

(ii) The Real Estate Partnership held a student accommodation located in New Zealand. Refer to Note 18 for further details.

(iii) The Real Estate Partnership held a loan note with a related call option issued by the AM 9 Hunter Street Finance Unit Trust (the "Finance Trust"). The proceeds from the loan note were used solely by the Finance Trust to invest in the units of another trust which holds a property in Australia. The related call option is exercisable (1) in the event of default by the Finance Trust; or (2) execution of any contract to sell, dispose, or transfer the Australian property or the property of the Finance Trust. The exercise of the related call option enables the Group to own interest (in the form of ordinary units) in the Finance Trust. The loan note is presented as "Investments" on the consolidated balance sheet. Refer to Notes 4.3 and 21 for further details.

(iv) The Real Estate Partnership's borrowing of NZD15,675,000 (equivalent to HK\$86,499,000) (31 December 2019: NZD15,675,000 (equivalent to HK\$80,538,000)) is secured by the student accommodation building located in New Zealand. The repayment date is 16 October 2021 and the effective interest rate is the sum of the lending bank's bill rate for that interest period plus a margin of 2.15% per annum.

(v) Other net assets comprise of cash and cash equivalents, prepayments and other receivables, and other payables and accrued expenses.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 24 Fees Receivable

The carrying amounts of fees receivable approximate their fair value due to the short-term maturity. The maximum exposure to credit risk at the reporting date is the carrying amounts of the fees receivable. The Group did not hold any collateral as security as at 31 December 2020 (2019: Nil).

Fees receivable from investment management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts. However, some of these fees receivable are only due after the relevant valuation period as a result of credit periods granted to certain investment funds and managed accounts which are generally within one month. The ageing analysis of fees receivable that were past due but not impaired is as follows:

	2020 HK\$'000	2019 HK\$'000
<b>Fees receivable that were past due but not impaired</b>		
1 – 30 days	346	744
31 – 60 days	1,524	622
61 – 90 days	148	455
Over 90 days	179	800
	2,197	2,621
Fees receivable that were within credit period	1,493,107	176,813
<b>Total fees receivable</b>	<b>1,495,304</b>	<b>179,434</b>

Fees receivable are denominated in the following currencies:

	2020 HK\$'000	2019 HK\$'000
Australian dollar	1,326	701
Hong Kong dollar	103,447	9,901
Renminbi	68,397	11,224
United States dollar	1,320,291	157,608
Others	1,843	–
<b>Total fees receivable</b>	<b>1,495,304</b>	<b>179,434</b>

Fees receivable from investment management activities are generally deducted from the net asset value of the investment funds and managed accounts and paid directly by the administrator or custodian of the investment funds and managed accounts at the end of the relevant valuation period or credit period, as appropriate.

There was no impairment provision on fees receivable as at 31 December 2020 (2019: Nil).

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 25 Cash and Cash Equivalents

	2020 HK\$'000	2019 HK\$'000
Cash at banks and in hand	441,783	129,147
Short-term bank deposits	1,532,256	2,039,240
Deposits with brokers	369	32,391
<b>Total cash and cash equivalents</b>	<b>1,974,408</b>	<b>2,200,778</b>

Cash and cash equivalents are denominated in the following currencies:

	2020 HK\$'000	2019 HK\$'000
Australian dollar	72,458	56,238
Hong Kong dollar	499,044	325,005
Pound sterling	38,585	1,088
Renminbi	354,696	170,446
Singapore dollar	718	1,471
United States dollar	1,000,056	1,632,371
Others	8,851	14,159
<b>Total cash and cash equivalents</b>	<b>1,974,408</b>	<b>2,200,778</b>

### 26 Issued Equity

	Number of shares	Issued equity HK\$'000
<b>As at 1 January 2020 and 31 December 2020</b>	<b>1,855,082,831</b>	<b>1,407,105</b>
As at 1 January 2019	1,855,814,831	1,410,107
Shares buy back	(732,000)	(3,002)
<b>As at 31 December 2019</b>	<b>1,855,082,831</b>	<b>1,407,105</b>

As at 31 December 2020, the total authorized number of ordinary shares of the Company was 5,000,000,000 shares (2019: 5,000,000,000 shares) with a par value of HK\$0.1 (2019: HK\$0.1) per share and all issued shares were fully paid.

The ordinary shares are non-redeemable and are entitled to dividends. Each ordinary share carries one vote. In the case of winding up of the Company, ordinary shares carry the right to return the paid-up capital and any balance then remaining.

The Company has purchased a total of 732,000 shares on the Stock Exchange during the year ended 31 December 2019 and the aggregate consideration paid was HK\$3,002,000.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 26 Issued Equity (continued)

#### Share options

The Group operates a share option scheme for directors, employees and others whom the Board of Directors considers, in its sole discretion, have contributed or will contribute to the Group. The share option scheme is effective for a period of ten years from the date it was adopted, after which no new share options will be granted but the provisions of the scheme will remain in full force and effect in all other respects. The share options are subject to terms as the Board of Directors may determine. Such terms may include the exercise price of the share options, the minimum period for which the share options must be held before they can be exercised in whole or in part, the conditions that must be reached before the share options can be exercised. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. 77,429,000 options were granted under the share option scheme for the year ended 31 December 2020 (2019: Nil).

The total expense recognized in the consolidated statement of comprehensive income for share options granted to directors and employees for the year ended 31 December 2020 was HK\$13,710,000 (2019: HK\$27,818,000) which has no impact to the Group's cash flow. The weighted average fair value of options granted during the year 2020 was determined using the Black-Scholes valuation model. The total fair value of options granted is amortized over the vesting period. The significant inputs into the model included share price at the grant date, exercise price, estimated volatility, estimated dividend yield based on historical dividend per share, expected option life and annual risk-free interest rate. The volatility was measured based on historic average share price volatility over a period of similar maturity to those of the share options.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	Average exercise price (HK\$ per share)	Number of options ('000)
As at 1 January 2019	12.37	141,120
Forfeited	13.60	(2,700)
Forfeited	14.09	(600)
As at 31 December 2019	12.34	137,820
As at 1 January 2020	12.34	137,820
Forfeited	14.09	(300)
Forfeited	14.09	(100)
Forfeited	5.87	(1,500)
Granted	4.14	77,429
As at 31 December 2020	9.40	213,349

Out of the 213,349,000 (2019: 137,820,000) outstanding share options, 127,253,333 (2019: 112,190,367) options were exercisable as at 31 December 2020 with weighted average exercise price of HK\$12.85 (2019: HK\$13.33) per share. No options were exercised during the year ended 31 December 2020 (2019: Nil).

Share options outstanding have the following expiry date and exercise price:

Expiry date	Exercise price (HK\$ per share)	Number of options ('000)	
		2020	2019
11 November 2021	13.60	22,110	22,110
16 December 2021	14.09	87,310	87,710
30 May 2022	3.94	500	500
14 April 2025	5.87	26,000	27,500
22 August 2026	4.14	77,429	–

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 26 Issued Equity (continued)

#### Share options (Continued)

The measurement dates of the share options were 23 November 2020, 15 October 2018, 17 June 2015, 12 May 2015, 31 May 2012, being the dates of grant of the share options, and 27 July 2015, being the date of the Group's extraordinary general meeting approving the grant of 54,800,000 share options to Dato' Seri Cheah. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse. Forfeiture rate is also considered in determining the amount of share option expenses.

### 27 Other Reserves

	Share-based compensation reserve <sup>(a)</sup> HK\$'000	Revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Capital reserve <sup>(b)</sup> HK\$'000	Foreign exchange translation reserve HK\$'000	Total HK\$'000
As at 1 January 2019	247,745	(799)	240	–	(15,274)	231,912
Share-based compensation (Note 8)	27,818	–	–	–	–	27,818
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	(1,398)	–	–	–	–	(1,398)
Fair value losses on financial assets at fair value through other comprehensive income (Note 12)	–	280	–	–	–	280
Foreign exchange translation	–	–	–	–	(16,173)	(16,173)
<b>As at 31 December 2019</b>	<b>274,165</b>	<b>(519)</b>	<b>240</b>	<b>–</b>	<b>(31,447)</b>	<b>242,439</b>
As at 1 January 2020	274,165	(519)	240	–	(31,447)	242,439
Share-based compensation (Note 8)	13,710	–	–	–	–	13,710
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	(3,092)	–	–	–	–	(3,092)
Foreign exchange translation	–	–	–	–	43,531	43,531
<b>As at 31 December 2020</b>	<b>284,783</b>	<b>(519)</b>	<b>240</b>	<b>–</b>	<b>12,084</b>	<b>296,588</b>

(a) Share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised. The amount will be transferred to retained earnings when the related options are exercised, expired or forfeited.

(b) Capital reserve arises from transactions with non-controlling interests that do not result in a loss of control.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 28 Distribution Fee Expenses Payable

The carrying amounts of distribution fee expenses payable approximate their fair value due to the short-term maturity. The aging analysis of distribution fee expenses payable is as follows:

	2020 HK\$'000	2019 HK\$'000
0 – 30 days	98,837	148,181
31 – 60 days	747	654
61 – 90 days	386	817
Over 90 days	9,803	7,381
<b>Total distribution fee expenses payable</b>	<b>109,773</b>	<b>157,033</b>

Distribution fee expenses payable are denominated in the following currencies:

	2020 HK\$'000	2019 HK\$'000
United States dollar	109,055	156,522
Others	718	511
<b>Total distribution fee expenses payable</b>	<b>109,773</b>	<b>157,033</b>

### 29 Borrowing

	2020 HK\$'000	2019 HK\$'000
<b>Current</b>		
Bank loan	86,499	–
<b>Non-current</b>		
Bank loan	–	80,538

The borrowing is secured by the investment property located in New Zealand shown in Note 18. The maturity of borrowing is as follows:

	2020 HK\$'000	2019 HK\$'000
Within 1 year	86,499	–
Between 1 and 5 years	–	80,538

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 29 Borrowing (continued)

The effective interest rate of the Group's borrowing at the balance sheet date are as follows:

	2020 NZD	2019 NZD
Bank and other loans	2.69%	3.74%

Saved as disclosed above, carrying value of borrowing approximate its fair value as the balance either at variable rate or the impact of discounting is not significant.

The carrying amount of the borrowing is denominated in the following currency:

	2020 HK\$'000	2019 HK\$'000
New Zealand dollar	86,499	80,538

### 30 Deferred Tax

The movement of deferred tax assets/(liabilities) is as follows:

Deferred assets/(liabilities)	Accelerated tax depreciation HK\$'000
As at 1 January 2019	(429)
Debited to the consolidated statement of comprehensive income (Note 11)	16
As at 31 December 2019	(413)
As at 1 January 2020	(413)
Debited to the consolidated statement of comprehensive income (Note 11)	1,508
As at 31 December 2020	1,095

### 31 Other Financial Liabilities

The Group consolidates certain seed capital investments where it is deemed to have control, and records an additional liability representing the fair value of the proportion of the fund owned by third party investors.



## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 32 Financial Instruments by Category

	2020 HK\$'000	2019 HK\$'000
<i>Category of financial assets</i>		
<b>Financial assets at amortized cost/loans and receivables</b>		
Fees receivable (Note 24)	1,495,304	179,434
Amounts receivable on sale of investments	139,500	–
Prepayment and other receivables	30,818	40,884
Cash and cash equivalents (Note 25)	1,974,408	2,200,778
	3,640,030	2,421,096
<b>Financial assets at fair value through profit or loss</b>		
Investments (Note 21)	1,893,665	1,340,127
<b>Financial assets at fair value through profit or loss</b>		
Investment held-for-sale (Note 22)	–	395,549
<i>Category of financial liabilities</i>		
<b>Other financial liabilities at amortized cost</b>		
Accrued bonus	435,745	161,155
Distribution fee expenses payable (Note 28)	109,773	157,033
Other payables and accrued expenses	64,754	42,909
Borrowing	86,499	80,538
	696,771	441,635
<b>Financial liabilities at fair value through profit or loss</b>		
Investment held-for-sale (Note 22)	–	222

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 33 Notes to the Consolidated Cash Flow Statement

	2020 HK\$'000	2019 HK\$'000
Profit before tax	1,601,251	564,575
<i>Adjustments for</i>		
Interest income on cash and cash equivalents, time deposits and restricted bank balances	(18,991)	(38,557)
Interest income from financial assets at fair value through profit or loss	(32,529)	(22,633)
Interest income from financial assets at fair value through other comprehensive income	–	(4,620)
Interest expense on borrowing	2,111	3,025
Dividend income	(13,382)	(15,012)
Share-based compensation	13,710	27,818
Depreciation and amortization	20,532	17,472
Depreciation of right-of-use assets	31,145	29,677
Impairment charge on other receivable	344	3,000
Interest expense on lease liabilities	1,312	2,602
Share of gains of joint ventures	(32,471)	(32,649)
Other (gains)/losses – net	(263,733)	(202,413)
<i>Changes in working capital</i>		
Other assets	8,980	32,378
Fees receivable	(1,315,871)	(50,441)
Prepayments and other receivables	932	2,088
Accrued bonus	274,589	13,368
Distribution fee expenses payable	(47,260)	27,268
Other payables and accrued expenses	21,845	(5,442)
<b>Net cash generated from operations</b>	<b>252,514</b>	<b>351,504</b>

## 34 Commitments

### 34.1 Operating lease commitments

The Group leases various offices and office equipment under non-cancellable operating lease agreements. The lease terms are within one year. The majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2020 HK\$'000	2019 HK\$'000
Not later than one year	504	803
<b>Total operating lease commitments</b>	<b>504</b>	<b>803</b>

### 34.2 Capital commitments

As at 31 December 2020, the Group has unfunded capital commitment in a private equity fund amounted to RMB363.9 million (equivalent to HK\$431.9 million) (2019: RMB371.6 million (equivalent to HK\$413.5 million)). As at the end of the year, the capital commitment contracted to purchase licensed software but not yet incurred amounted to HK\$692,000 (2019: HK\$459,000).

## 35 Contingencies

The Group has contingent assets in respect of performance fees and contingent liabilities in respect of the performance fee element of distribution fee expenses arising in the ordinary course of business.

### 35.1 Contingent assets

Performance fees for non-private equity fund products for each performance period are generally calculated annually with reference to a performance fee valuation day. Performance fees for private equity fund products are generally calculated at the end of the period over which the performance is measured (performance fee valuation day) and this is generally the end of the life of the private equity fund or upon each successful divestment of an investment of the private equity fund. Performance fees are only recognized when they are earned by the Group.

As a result, as at 31 December 2020 and 2019, performance fees in respect of performance periods ending on a performance fee valuation day not falling within the corresponding year have not been recognized. These performance fees may be receivable in cash if a positive performance results (for non-private equity fund products) or a performance threshold is exceeded (for private equity fund products) on the performance fee valuation days, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

### 35.2 Contingent liabilities

The performance fee element of distribution fee expenses is based on the performance fees earned by the Group. These distribution fee expenses are recognized when the performance fees are earned by the Group and the Group is obliged to pay the corresponding distribution fee expenses.

As a result, as at 31 December 2020 and 2019, the performance fee element of distribution fee expenses in respect of performance periods ending on a performance fee valuation day not falling within the corresponding year have not been recognized. These distribution fee expenses may be payable in cash if the performance fees are subsequently earned on the performance fee valuation days.

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 36 Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Apart from those disclosed elsewhere in the consolidated financial statements, the Group has also entered into the following significant related-party transactions which, in the opinion of the directors, were carried out in the ordinary and usual course of the Group's business.

#### 36.1 Summary of transactions entered into during the ordinary course of business with related parties

	2020 HK\$'000	2019 HK\$'000
Consultancy fee to a related party of a director	289	289

#### 36.2 Key management compensation

Key management includes the executive directors of the Group. The compensation to key management for employee services is as follows:

	2020 HK\$'000	2019 HK\$'000
Management bonus, salaries and other short-term employee benefits	236,651	65,687
Share-based compensation	8,784	16,647
Pension costs	54	59
<b>Total key management compensation</b>	<b>245,489</b>	<b>82,393</b>

#### 36.3 Investments in investment funds which are managed/advised by the Group

The Group has interests in the following consolidated and unconsolidated structured entities. These are the investment funds under the Group's management or advisory and from which it earns fees from investment management or advisory activities and fund distribution activities. These investment funds manage pools of assets from third party investors, and are financed through the issue of units/shares to investors.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 36 Related-Party Transactions (continued)

### 36.3 Investments in investment funds which are managed/advised by the Group (continued)

	Fair value	
	2020 HK\$'000	2019 HK\$'000
<b>Consolidated structured entity</b>		
Value Partners Asia Pacific Real Estate Limited Partnership (Note 15.2)	1,007,376	896,553
<b>Structured entity held-for-sale</b>		
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund <sup>(a)</sup> (Note 22)	–	395,327
<b>Unconsolidated structured entities</b>		
Premium Asia Income Fund	–	21,330
Value China ETF	–	5,382
Value Gold ETF	230,595	187,301
Value Partners Asia Fund, LLC	505	369
Value Partners Classic Fund <sup>(b)</sup>	448	324
Value Partners Fixed Income SPC		
– Value Partners Credit Opportunities Fund SP <sup>(c)</sup>	–	4,065
Value Partners Fund Series – Value Partners Asian Total Return Bond Fund <sup>(d)</sup>	16,425	–
Value Partners Fund Series – Value Partners China A-Share Select Fund <sup>(e)</sup>	138	92
Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund <sup>(a)</sup>	102,732	71,134
Value Partners Greater China High Yield Income Fund <sup>(f)</sup>	1	1
Value Partners Hedge Fund Limited <sup>(f)</sup>	2	2
Value Partners High-Dividend Stocks Fund <sup>(g)</sup>	396	338
Value Partners Multi-Asset Fund <sup>(e)</sup>	46,381	43,110
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund <sup>(a)</sup> (Note 22)	286,239	–
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund <sup>(h)</sup> (Note 20)	145,886	52,816
Value Partners Ireland Fund ICAV – Value Partners China A Shares Equity Fund <sup>(i)</sup>	66,561	–
Value Partners Ireland Fund ICAV – Value Partners China A Shares High Dividend Fund <sup>(i)</sup>	64,992	–
Value Partners Ireland Fund ICAV – Value Partners China A Shares Consumption Fund <sup>(a)</sup>	63,881	–
Value Partners Ireland Fund ICAV – Value Partners Global Emerging Market Bond Fund <sup>(a)</sup>	–	90,331
Value Partners Venture Capital Investment (Shen Zhen) Limited Partnership (Note 20)	2,848	2,863
Hanwha Value Partners Asia High Dividend Equity Feeder Fund (Note 20)	49,707	41,115
Value Partners Asia Principal Credit Fund Limited Partnership (Note 20)	214,428	197,762
惠理中國新時代優選1號私募投資基金 (Note 20)	8,962	12,007
惠理中國中璧1號私募投資基金	1,396	1,431

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 36 Related-Party Transactions (continued)

#### 36.3 Investments in investment funds which are managed/advised by the Group (continued)

	Fair value	
	2020 HK\$'000	2019 HK\$'000
外貿信託 – 惠理滬港深6號	1,482	1,213
交銀國信•匯利202號集合資金信託計劃	1,529	1,159
惠理中國豐泰1號私募投資基金(Note 20)	3,074	3,468
惠理中國鴻信1號私募證券投資基金(Note 20)	3,856	2,344
惠理中國中睿滬港深1號私募證券投資基金	1,778	–
惠理中國安欣價值滬港深1期私募證券投資基金	1,684	–
惠理華教(深圳)股權投資合夥企業(有限合夥)	9,038	–
平安資產鑫福22號資產管理產品	1,412	–
金海九號證券投資集合資金信託計劃	–	64,145
興業信託•興易惠理1號	–	1,265
惠理中國豐泰2號私募證券投資基金	–	1,122
<b>Total investments in investment funds which are managed/advised by the Group</b>	<b>2,333,752</b>	<b>2,098,369</b>

- (a) The units held were Class A and Class X units.
- (b) The units held were "C" units.
- (c) The units held were Class A Acc.
- (d) The units held were Class A Hedge.
- (e) The units held were Class A Unit.
- (f) The shares held were management shares.
- (g) The units held were Class A2 MDis units.
- (h) The units held were Class A Unhedge.
- (i) The units held were Class V units and Class X units.

#### 36.4 Investments in an investment fund managed by a related company

As at 31 December 2020, the Group had investments in Malabar India Fund, LP amounted to HK\$50,660,000 (2019: HK\$36,339,000) which is managed by Malabar Investment LLC in which the Group had an interest of 6.6% (2019: 6.6%).

#### 36.5 Amounts due from and to subsidiaries

The amounts due from and to subsidiaries are unsecured, non-interest bearing and are not repayable within 12 months after the balance sheet date.

#### 36.6 Dividends receivable

The amount is an interim dividend for the year ended 31 December 2020 and 2019 declared by Value Partners Hong Kong Limited to Value Partners Group Limited. The amount is unsecured and non-interest bearing.

# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 37 Balance Sheet and Reserve Movement of the Company

### Balance Sheet of the Company

	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Investment in subsidiaries		1,470,100	1,470,100
Amounts due from subsidiaries	36.5	1,332,860	838,704
		2,802,960	2,308,804
<b>Current assets</b>			
Dividends receivable	36.6	630,000	400,000
Prepayments and other receivables		303	8,138
Cash and cash equivalents		25,157	508,202
		655,460	916,340
<b>Current liabilities</b>			
Other payables and accrued expenses		949	4,301
<b>Net current assets</b>		654,511	912,039
<b>Non-current liabilities</b>			
Amounts due to subsidiaries	36.5	66,189	66,189
<b>Net assets</b>		3,391,282	3,154,654
<b>Equity</b>			
Issued equity		2,273,918	2,273,918
Other reserves	(a)	285,023	274,405
Retained earnings	(a)	832,341	606,331
<b>Total equity</b>		3,391,282	3,154,654

On behalf of the Board

SO Chun Ki Louis  
Director

Ho Man Kei Norman  
Director

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 37 Balance Sheet and Reserve Movement of the Company (Continued)

#### (a) Reserve movement of the Company

	Share-based compensation reserve HK\$'000	Capital redemption reserve HK\$'000	Retained earnings HK\$'000
As at 1 January 2019	247,745	240	323,736
Share-based compensation	27,818	–	–
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options (Note 27)	(1,398)	–	1,398
Profit for the year	–	–	392,546
Dividends	–	–	(111,349)
<b>As at 31 December 2019</b>	<b>274,165</b>	<b>240</b>	<b>606,331</b>
As at 1 January 2020	274,165	240	606,331
Share-based compensation	13,710	–	–
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options (Note 27)	(3,092)	–	3,092
Profit for the year	–	–	631,036
Dividends	–	–	(408,118)
<b>As at 31 December 2020</b>	<b>284,783</b>	<b>240</b>	<b>832,341</b>



# Notes to the consolidated financial statements

For the year ended 31 December 2020

## 38 Benefits and Interests of Directors

### 38.1 Directors' emoluments

The remuneration of each director of the Company is as follows:

	Fees HK\$'000	Salaries HK\$'000	Management bonus HK\$'000	Estimated money value of other benefits <sup>(a)</sup> HK\$'000	Pension costs HK\$'000	Total HK\$'000
<b>Year ended 31 December 2020</b>						
<i>Executive directors</i>						
Dato' Seri Cheah, Cheng Hye	–	4,886	64,734	9,663	–	79,283
Mr. So, Chun Ki Louis	–	5,114	70,100	7,022	18	82,254
Ms. Hung, Yeuk Yan Renee	–	3,055	35,700	1,854	18	40,627
Mr. Ho Man Kei, Norman <sup>(b)</sup>	–	3,055	35,700	4,551	18	43,324
<i>Independent non-executive directors</i>						
Dr. Chen, Shih Ta Michael	360	–	–	15	–	375
Mr. Oyama, Nobuo	360	–	–	15	–	375
Mr. Wong Poh Weng	360	–	–	15	–	375
	1,080	16,110	206,234	23,135	54	246,613
<b>Year ended 31 December 2019</b>						
<i>Executive directors</i>						
Dato' Seri Cheah, Cheng Hye	–	5,405	14,726	2,277	5	22,413
Mr. So, Chun Ki Louis	–	5,369	17,672	14,629	18	37,688
Ms. Hung, Yeuk Yan Renee	–	2,875	8,836	1,475	18	13,204
Dr. Au, King Lun <sup>(c)</sup>	–	2,021	565	637	10	3,233
Mr. Ho Man Kai, Norman <sup>(b)</sup>	–	1,253	3,849	745	8	5,855
<i>Independent non-executive directors</i>						
Dr. Chen, Shih Ta Michael	360	–	–	–	–	360
Mr. Oyama, Nobuo	360	–	–	–	–	360
Mr. Wong Poh Weng	360	–	–	–	–	360
	1,080	16,923	45,648	19,763	59	83,473

(a) Other benefits mainly include share-based compensation, rebates of management fees and performance fees by the Group in relation to the directors' investments in the investment funds under the Group's management, insurance premium and professional bodies' membership.

(b) Appointed as executive director on 26 July 2019.

(c) Retired as executive director on 26 July 2019

None of the directors received or will receive any fees, inducement fees or compensation for loss of office as director for the year ended 31 December 2020 (2019: Nil). No directors waived or agreed to waive any emoluments for the year ended 31 December 2020 (2019: Nil).

## Notes to the consolidated financial statements

For the year ended 31 December 2020

### 38 Benefits and Interests of Directors (continued)

#### 38.2 Directors' material interests in transactions, arrangement or contracts

No significant transactions, arrangement and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Particulars of subsidiaries

As at 31 December 2020, details of the Group's subsidiaries under the Listing Rules are as follows:

Name	Place of incorporation	Principal activities and place of operation	Issued share capital
Chief Union Investments Limited	Hong Kong	Money lending in Hong Kong	HK\$1
Complete Value Investing Company Ltd	Hong Kong	Property holding	HK\$10,000
First Bravo Management Limited	British Virgin Islands	Investment holding	US\$1
Fortune Access Industries Limited	British Virgin Islands	Investment holding	US\$1
Gold One Industries Limited	British Virgin Islands	Investment holding	US\$1
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	HK\$1
Prosperous Decade Sdn. Bhd.	Malaysia	Investment holding	RM500,000
Rough Seas Capital Holdings Limited	Hong Kong	Investment holding	HK\$1,000,000
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management in Hong Kong	HK\$122,314,734
Sensible Asset Management Limited	British Virgin Islands	Investment management in Hong Kong	US\$200,000
Value Executive Solutions Co. Limited	Hong Kong	Investment holding	HK\$1
Value Funds Limited	Hong Kong	Investment holding	HK\$1
Value Partners (Cayman GP) II Ltd	Cayman Islands	Managing member of two investment funds managed by Value Partners Limited	US\$1
Value Partners (UK) Limited	United Kingdom	Investment management in United Kingdom	GBP1,550,000
Value Partners Asset Management Singapore Pte. Ltd.	Singapore	Investment management in Singapore	S\$1,000,000
Value Partners Corporate Consulting Limited	Hong Kong	Investment holding	HK\$5,000,000
Value Partners Hong Kong Limited	Hong Kong	Investment management, investment holding and securities dealing in Hong Kong	HK\$385,000,000
Value Partners Index Services Limited	Hong Kong	Indexing services in Hong Kong	HK\$1
Value Partners Investment Advisory Limited	Hong Kong	Consulting services in Hong Kong	HK\$25,000,000
Value Partners Limited	British Virgin Islands	Investment management, investment holding and securities dealing in Hong Kong	US\$1,530,278
Value Partners Marketplace Limited	Hong Kong	Dormant	HK\$1
Value Partners Asset Management Malaysia Sdn. Bhd.	Malaysia	Investment management in Malaysia	RM6,600,000

## Particulars of subsidiaries

Name	Place of incorporation	Principal activities and place of operation	Issued share capital
Value Partners Private Equity Limited	British Virgin Islands	Investment management and provision of research and investment advisory services in Hong Kong	US\$700,000
Value Partners Technology Solutions Limited	Hong Kong	Dormant	HK\$1
Value Partners Technology Systems Limited	Hong Kong	Dormant	HK\$20,000,000
Value Partners (USA) LLC	United States	Dormant	US\$1,000
Valuegate Holdings Limited	British Virgin Islands	Trademark holding in Hong Kong	US\$2
Wisdom Resources Development Corporation	British Virgin Islands	Investment holding	US\$1
惠理海外投資基金管理(上海)有限公司	PRC	Investment advisory in PRC	Registered capital of RMB20,000,000 有限責任公司(獨資)
惠理投資管理(上海)有限公司	PRC	Investment management and advisory in PRC	Registered capital of RMB50,000,000 有限責任公司(台港澳法人獨資)
惠理股權投資管理(深圳)有限公司	PRC	Equity investment in PRC	Registered capital of RMB18,000,000 有限責任公司(獨資)
惠理企業管理(深圳)有限公司	PRC	Investment holding	Registered capital of RMB200,000,000 有限責任公司(獨資)