



Value Partners Group Proxy Voting Policy

2021

Contents

4	Introduction
6	General Voting Principles
	Conflict of interest
	General Guidelines for Voting
	Securities Lending
11	Internal Procedures
	Appointment of Proxy Advisory Firm
	Responsibility of Fund Administration Team
	Responsibility of Fund Managers
	Independent Checking by Internal Auditor
12	Recordkeeping
13	Client request for information and/or copies

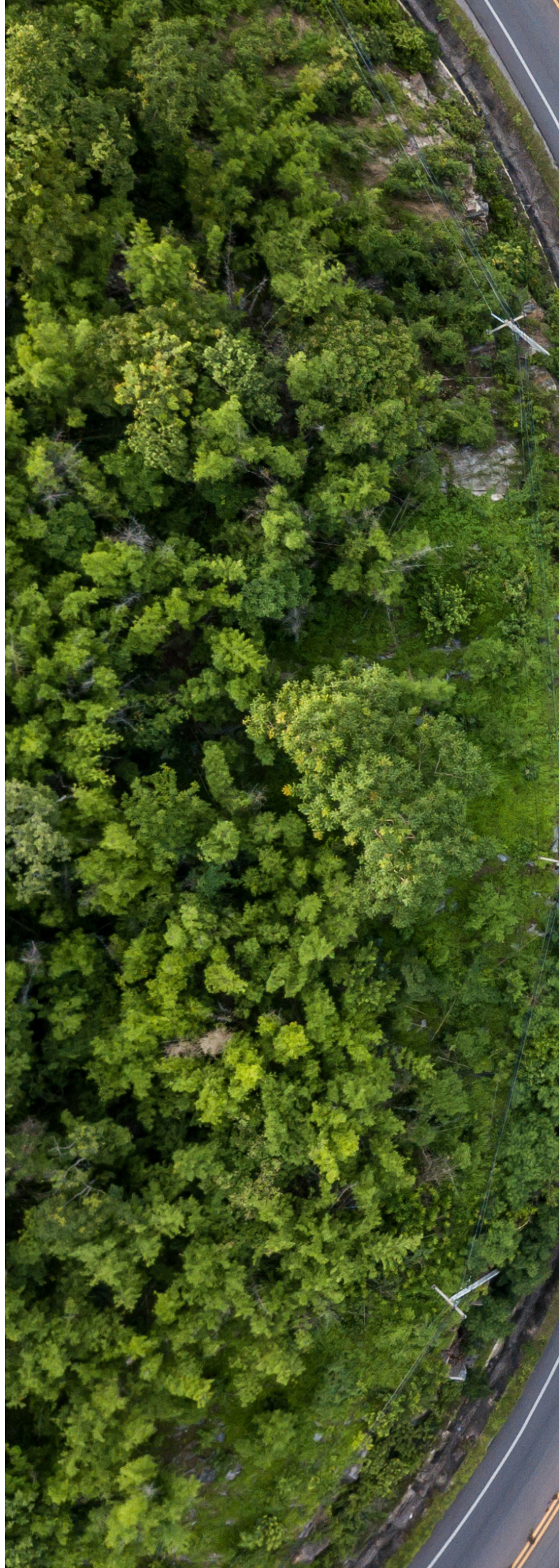


Introduction

Value Partners (“VP”) is one of Asia’s most established independent asset manager with a long history of investment and engagement experience. We aim to vote in all shareholder meetings where empowered by our investment mandates. Our investment team collaborates with the ESG Committee to determine the voting decisions that will best serve the economic and reputational interests of our clients.

Since July 2019, VP has become a signatory to the United Nations Principles for Responsible Investment (UNPRI) initiatives. Environmental, Social and Governance (ESG) issues is an integral part of our investment process for the preservation and creation of shareholder value over the medium to long term. Companies have a social responsibility towards its employees, other stakeholders, and the society at large with due regard for the environment.

The principles and guideline of this policy serves as a guide for assessing shareholders’ resolutions after taking into account each investee company’s unique facts and circumstances. Consistent with our 3Rs investment philosophy, we view voting on shareholders’ resolutions as part of our active engagement with investee companies to align interest and goals as long-term investors. Further we can best fulfil our stewardship obligations through such engagement.





The policy contains the following sections:

1. General Voting Principles

- a. Conflicts of interest
- b. General guidelines for voting
- c. Securities lending

2. Internal Procedures

- a. Appointment of proxy advisory firm
- b. Responsibility of the Fund
Administration Team
- c. Responsibility of fund managers
- d. Independent checking by internal
auditor

General Voting Principles

Where we have responsibility for voting proxies, the determinants of the voting decision are the economic and reputational interests of our clients.

Further, under the SEC Rule 206(4)-6, an investment adviser has to (i) adopt and implement written policies and procedures that are reasonably designed to ensure that it votes client securities in the best interests of its clients, (ii) describe its proxy voting policies and procedures to clients and provide copies on request, and (iii) disclose to clients how they may obtain information on how the adviser voted their securities. If client agreements for services are silent as to proxies, the SEC believes the adviser is generally responsible to exercise voting proxies.

In determining the voting decision of proxies we will also take reasonable measures to be fully informed on the resolutions in the shareholders' meetings, to ensure that there is sufficient time for us to vote, and for the proxies to be counted.

Although we aim to vote and fulfill our stewardship obligations, we may refrain from voting if there is a pending sell order for the security. We may also refrain from voting if casting a vote on a



foreign security involve unreasonable additional costs, such as hiring translation service for documentation and/or traveling to the foreign country to vote the security in person. We may vote against or refrain from voting on a particular agenda item if it reasonably believes that the proxy statement has not provided sufficient information to make an informed decision. We may not vote shares that are subject to share blocking or other ownership restrictions unless we determine that it is in our client's best interest to do so.

We have engaged professional third-party proxy advisory firm to provide information to assist us in voting on an informed basis with respect to issues presented by proxies. In addition to professional advice, we will also incorporate findings from our investment research on our investee companies in determining our voting decisions. VP may supplement its knowledge by reference to publications or other readily available public sources.

Conflict of interest

There may be occasions where voting on shareholder resolutions may present an actual or potential conflict of interests ("conflicts") between us, as the investment adviser, and our clients.

Potential conflicts of interest situations may include:

1. Business relationships, where we have a substantial business relationship with a company and failure to vote in favor of management could harm our relationship with that company;
2. Personal relationships, where we have a personal relationship with corporate directors or candidates for directorship; or
3. Family relationships where we may have personal or business relationships relating to a company (e.g. a spouse or relative who serves as a director of a publicly-traded company).

General Guidelines for Voting

For any voting proposals where we have determined there is a material conflict of interests, we will discuss such conflicts at the Risk Management Committee meeting to ensure that we act in the clients' best interest.

We may:

1. refer such resolutions to clients and obtain instructions from them on how to vote the proxies on these resolutions;
2. if we are in a position to disclose such conflicts to clients (i.e., such information is not confidential), we will disclose such conflicts to clients, present a proposal to vote on the resolutions where we have a conflict of interest, and seek their consents before exercising a proxy;
3. take any action deemed appropriate such as seeking advice from an independent consultant or external legal counsel;
4. take action based on discussions at the Risk Management Committee.

Proxy proposals that are "routine" are presumed not to involve a material conflict of interests for VP, unless we have actual knowledge to the contrary. Routine proposals are typically matters such as meeting formalities and approval of periodic reports/financial statements.

Whilst we consider the unique facts and circumstances of each investee company, the following guidelines sets out our general approach to proxy voting.

One of the key factors to invest in a company is confidence in that company's management. Consequently, in the absence of contrary evidence we tend to give considerable weight (by no means conclusive weight) to management recommendations, except such resolutions that have repercussions on the interests of management itself, such as management compensation.

We normally incorporate ESG considerations in our voting decisions as these considerations will impact the sustainable value creation and long-term investment resilience of these investee companies.

1. **Board independence:** We favor boards with strong independent non-executive directors ("INEDs") representation. We will generally vote against the election or reelection of any non-INEDs (excluding the CEO) if:
 - Less than one-third of the entire board members are INEDs, after taking into consideration those board members who are appointed in accordance with local law(s) requiring their mandatory board membership and are not elected by shareholders,.
 - For smaller companies, two independent directors may be sufficient.
2. **Key Committee Independence:** We would generally vote against the election of executives to serve on the company's audit committee. If a company does not have an audit committee, we may consider that the entire board fulfills the role of

such committee. In this case, we may vote against the executives, including the CEO, to be elected to the board. We generally vote against non-INEDs members of the audit, and remuneration committees if their election would lead to these committees consisting of a majority of non-INEDs.

3. **Remuneration:** We would generally vote against the election of executives to serve on the company's audit committee. If a company does not have an audit committee, we may consider that the entire board fulfills the role of such committee. In this case, we may vote against the executives, including the CEO, to be elected to the board. We generally vote against non-INEDs members of the audit, and remuneration committees if their election would lead to these committees consisting of a majority of non-INEDs.
4. **Board Diversity:** We support board diversity and believe that the board should comprise of directors of different gender and background, and with the appropriate range of skills and experiences.
5. **Audit related:** We seek to hold the audit committee of the board responsible for overseeing the management of the audit function at a company, and may withhold votes from the audit committee members where the board has failed to facilitate quality and independent auditing. We would generally vote against ratification of auditors where the fees for non-audit services exceed either 100 percent of standard audit-related fees or any stricter limit set by best practice recommendations and/or local law.

6. **Capital Structure:**

- **Authorized Capital Increase:** We would generally vote for non-specific proposals to increase authorized capital up to 100 percent over the current authorization unless the increase would leave the company with less than 30 percent of its new authorization outstanding.
- **Preemptive Rights:** We would generally vote for (i) general issuance requests with preemptive rights up to 50 percent of issued capital, (ii) general issuance requests without preemptive rights up to 10 percent of issue capital.

These general guidelines are not exhaustive and does not encompass all potential voting issues. Proposals not covered by these guidelines and contested situations are evaluated on a case-by-case basis, taking into consideration all of the relevant facts and circumstances at the time of the vote.

Regardless of the issues presented we are mindful of our duty to vote proxies in the best interest of our clients. We may defer to instructions of our clients as to voting on their securities with respect to specific issues as deemed appropriate.

Securities Lending

VP Funds may participate in securities lending programs. The voting rights for shares that are out on loan are transferred to the borrower and therefore, the lender (i.e. a VP Fund) is not entitled to vote on the lent shares at the company meeting. In general, VP believes the revenue received from the lending program outweighs the ability to vote and we will not recall shares for the purpose of voting. However, in circumstances where we believe the right to vote outweighs the revenue received, we reserve the right to recall lent shares on a best efforts basis.



Internal Procedures

Appointment of Proxy Advisory Firm

We have engaged Institutional Shareholder Services Inc. ("ISS") for the provision of voting recommendations and execution services.

Responsibility of the Fund Administration Team

The Fund Administration Team is responsible to coordinate with proxy advisory firm to configure our proxy voting environment, and to coordinate with respective custodians to assure that proxies are received by us with sufficient time to take action. The Fund Administration Team will also communicate the proxy advisory firm's voting recommendations to, and obtain voting instructions from, the relevant Fund Managers to ensure that reasons for the decision on voting non-routine proxy proposals (e.g. special resolution for an EGM, cash/scrip dividend selection, etc.) are clearly documented.

The Fund Administration Team will arrange for signature and return the proxies in time to be counted. All relevant documents should be properly kept as stated in Recordkeeping. They will also track voting instructions (e.g. to provide proportion of ballot items, for supporting management recommendations/ against or opposing/ abstentions).

Responsibility of Fund Managers

Proxy voting decisions are primarily made by the Fund Manager that follows the particular investee company. However, the respective Portfolio Manager can revise the vote and make the final decision for his/her managed portfolio. The decision/vote should be made in accordance with the principles above and in a timely manner.

The Fund Manager will engage with many of companies either before or after AGM and proxy voting on areas of interest including ESG issues set out in our Responsible Investing Policy.

The Fund Manager may contact the company's board, senior management or divest/reduce the fund's holdings following an unsuccessful voting outcome.

Independent Checking by Internal Auditor

An independent review on proxy voting measures and documents will be performed by Internal Auditor periodically to ensure we vote the proxies in the best interests of its clients, and properly complies with the company policy.

Recordkeeping

In compliance with SEC Rule 204-2, we will maintain appropriate records regarding proxies as follows:

1. copies of these proxy voting policies and procedures and any amendments to them;
2. proxy statements received regarding client securities;
3. records of how proxies were voted;
4. written client requests for our proxy voting records and copies of our written responses to such requests;
5. documents created by us that were material to its determining voting decisions or that memorialized the bases for our voting decisions; and
6. documentation relating to the identification and resolution of conflicts of interest, if any.

These records will be retained for at least five years in a readily accessible place, and for the first two years must be maintained in our office.

We have disclosed in Form ADV Part 2A: (i) a description of our Proxy Voting Policy and Procedures and (ii) information about how clients may obtain information on how we voted their securities.

Client request for information and/or copies

Clients may obtain copies of our proxy voting policy and procedures at any time.

Clients may obtain information as to what issues were voted upon by us in respect of their securities and how their proxies were voted on such issues. Information will be provided promptly with respect to any period for which VP retains records on-site, and after a reasonable period of time if resort to off-site records is required.

The above information may be obtained by making a request in writing to the Chief Compliance Officer at 43rd Floor, The Center, 99 Queen's Road Central, Hong Kong.

Follow us on



Value Partners
mobile app



Value Partners Hong Kong Limited

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

T +852 2143 0688
F +852 2565 7975
E investservices@vp.com.hk

Value Partners Asset Management Singapore Pte. Ltd.

9 Raffles Place, #13-04,
Republic Plaza,
Singapore 048619

T +65 6718 0380
E vpams@valuepartners.com.sg

Value Partners Asset Management Malaysia Sdn Bhd

Level 28, Integra Tower The Intermark,
348 Jalan Tun Razak,
50400 Kuala Lumpur,
Malaysia

T +60 3 2775 7688
E vpmy-enquiry@valuepartners-group.com

Value Partners Fund Management (Shanghai) Limited

1505C, Taiping Finance Tower,
488 Yincheng Road Middle, Pudong New District,
Shanghai
200120, China

Value Partners Investment Management (Shanghai) Limited

1505A, Taiping Finance Tower,
488 Yincheng Road Middle, Pudong New District,
Shanghai
200120, China

T +86 21 6187 1300

Value Partners (UK) Limited

16 Berkeley Street,
London W1J 8DZ,
United Kingdom

T +44 (0) 20 3907 3870
E hrc@valuepartners-group.com