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VALUE PARTNERS GROUP LIMITED

惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

The key financial highlights for the reporting period are as follows:

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

FINAL RESULTS

The Board of Directors (the “Board”) of Value Partners Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Income			
Fee income	2	2,561,449	1,603,918
Distribution fee expenses		(510,820)	(807,946)
Net fee income		2,050,629	795,972
Other income		82,681	100,458
Total net income		2,133,310	896,430
Expenses			
Compensation and benefit expenses	3	(672,911)	(400,167)
Operating lease rentals		(9,086)	(8,987)
Depreciation of right-of-use assets – properties		(31,145)	(29,677)
Other expenses	4	(111,672)	(113,876)
Total expenses		(824,814)	(552,707)
Operating profit (before other gains/losses)		1,308,496	343,723
Net gains on investments		257,608	191,015
Unrealized gain on an investment held-for-sale		–	5,827
Fair value gain of an investment property		–	5,072
Net foreign exchange gains/(losses)		6,076	(8,584)
Others		50	500
Other gains/(losses) – net	5	263,734	193,830
Operating profit (after other gains/losses)		1,572,230	537,553
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	6	(221,776)	(51,166)
Profit for the year attributable to owners of the Company		1,379,475	513,409
Other comprehensive income/(loss) for the year – 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	7	–	280
Foreign exchange translation	7	43,531	(16,173)
Other comprehensive income/(loss) for the year	7	43,531	(15,893)
Total comprehensive income for the year attributable to owners of the Company		1,423,006	497,516
Earnings per share attributable to owners of the Company (HK cents per share)			
Basic earnings per share	8	74.4	27.7
Diluted earnings per share	8	74.4	27.7

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	10	193,928	195,025
Right-of-use assets		14,627	40,466
Investment property	11	181,000	168,526
Intangible assets		16,360	15,409
Investment in joint ventures	12	342,229	318,504
Deferred tax assets		1,095	–
Investments	13	1,876,413	1,297,836
Other assets		2,654	11,634
		2,628,306	2,047,400
Current assets			
Investments	13	17,252	42,291
Investment held-for-sale	14	–	395,549
Fees receivable	15	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	16	1,974,408	2,200,778
		3,670,507	2,865,345
Current liabilities			
Investment held-for-sale	14	–	222
Accrued bonus		384,559	151,218
Distribution fee expenses payable	17	109,773	157,033
Borrowing	18	86,499	–
Other payables and accrued expenses		64,754	42,909
Lease liabilities		12,457	28,056
Current tax liabilities		170,768	40,640
		828,810	420,078
Net current assets		2,841,697	2,445,267
Non-current liabilities			
Accrued bonus		51,186	9,937
Borrowing	18	–	80,538
Lease liabilities		775	12,335
Deferred tax liabilities		–	413
		51,961	103,223
Net Assets		5,418,042	4,389,444
Equity			
Equity attributable to owners of the Company			
Issued equity	19	1,407,105	1,407,105
Other reserves		296,588	242,439
Retained earnings		3,714,349	2,739,900
Total equity		5,418,042	4,389,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

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. REVENUE

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

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

3. COMPENSATION AND BENEFIT EXPENSES

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

4. OTHER EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
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
Total other expenses	111,672	113,876

5. OTHER GAINS/(LOSSES) – NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
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
Total other gains/(losses) – net	263,734	193,830

6. 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 income and capital gains taxes has been made in the consolidated financial statements.

6. TAX EXPENSE (CONTINUED)

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

7. OTHER COMPREHENSIVE INCOME/(LOSS)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
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	–	280
Foreign exchange translation	43,531	(16,173)
Total other comprehensive income/(loss)	43,531	(15,893)

8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of HK\$1,379,475,000 (2019: HK\$513,409,000).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 1,855,083,000 (2019: 1,855,550,000). The diluted earnings per share is calculated by the adjusted weighted average number of shares in issue during the year of 1,855,083,000 (2019: 1,855,658,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

9. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
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
Total dividends	630,728	408,118

For the year ended 31 December 2020, the directors recommended a final dividend of HK26.0 cents per share and a special dividend of HK8.0 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.

10. PROPERTY, PLANT AND EQUIPMENT

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”.

11. INVESTMENT PROPERTY

During the year ended 31 December 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand under a freehold land 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).

12. INVESTMENT IN JOINT VENTURES

As at 31 December 2020, “investment in joint ventures” on the consolidated balance sheet, amounting to HK\$342,229,000 (2019: HK\$318,504,000), 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.

13. INVESTMENTS

Investments include the following:

	Financial assets at fair value through profit or loss	
	2020	2019
	HK\$'000	HK\$'000
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	8,420	38,441
Equity securities – Long – United States	370	307
Investment funds – Hong Kong	230,595	192,683
Market value of listed securities	239,385	231,431
Unlisted securities (by place of incorporation/establishment)		
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
Fair value of unlisted securities	1,654,280	1,108,696
Representing:		
Non-current	1,876,413	1,297,836
Current	17,252	42,291
Total investments	1,893,665	1,340,127

14 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.

15. FEES RECEIVABLE

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 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fees receivable that were past due but not impaired		
1 – 30 days	346	744
31 – 60 days	1,524	622
61 – 90 days	148	455
Over 90 days	179	800
	<u>2,197</u>	<u>2,621</u>
Fees receivable that were within credit period	<u>1,493,107</u>	<u>176,813</u>
Total fees receivable	<u>1,495,304</u>	<u>179,434</u>

16. CASH AND CASH EQUIVALENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
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
Total cash and cash equivalents	<u>1,974,408</u>	<u>2,200,778</u>

17. 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 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	98,837	148,181
31 – 60 days	747	654
61 – 90 days	386	817
Over 90 days	9,803	7,381
Total distribution fee expenses payable	109,773	157,033

18. BORROWING

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current		
Bank loan	86,499	–
Non-current		
Bank loan	–	80,538

The borrowing is secured by the investment property located in New Zealand.

The maturity of borrowing is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 1 year	86,499	–
Between 1 and 5 years	–	80,538

19. ISSUED EQUITY

	Number of shares	Issued equity <i>HK\$'000</i>
As at 1 January 2020 and 31 December 2020	1,855,082,831	1,407,105
As at 1 January 2019	1,855,814,831	1,410,107
Share buy back	(732,000)	(3,002)
As at 31 December 2019	1,855,082,831	1,407,105

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%¹ 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%¹, 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%²; while the Value Partners Chinese Mainland Focus Fund returned a net 73.6%³ compared to its benchmark's 29.5%³ 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%¹ and 73.6%², 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 ranking³ 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.

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 ETF⁴ 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 fund⁴, 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

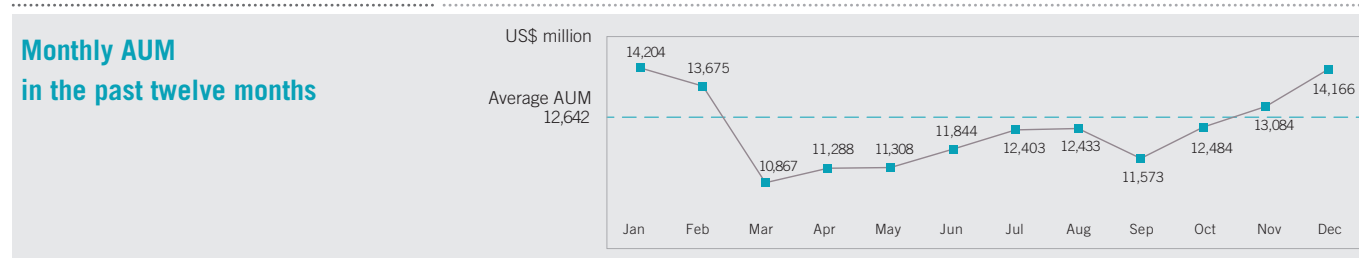
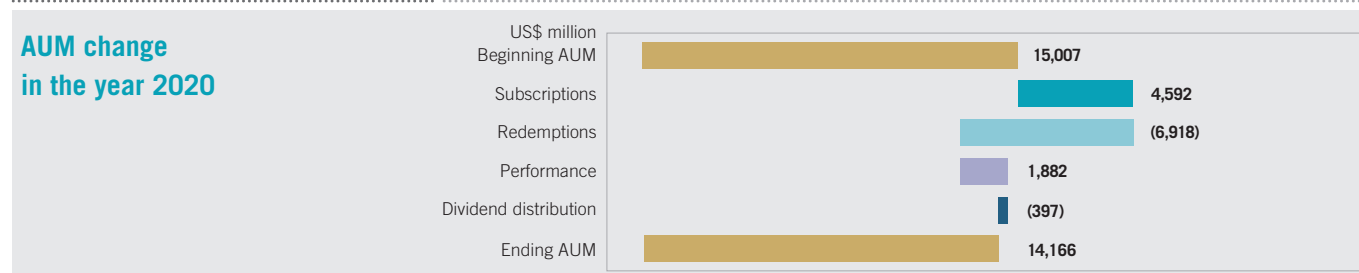
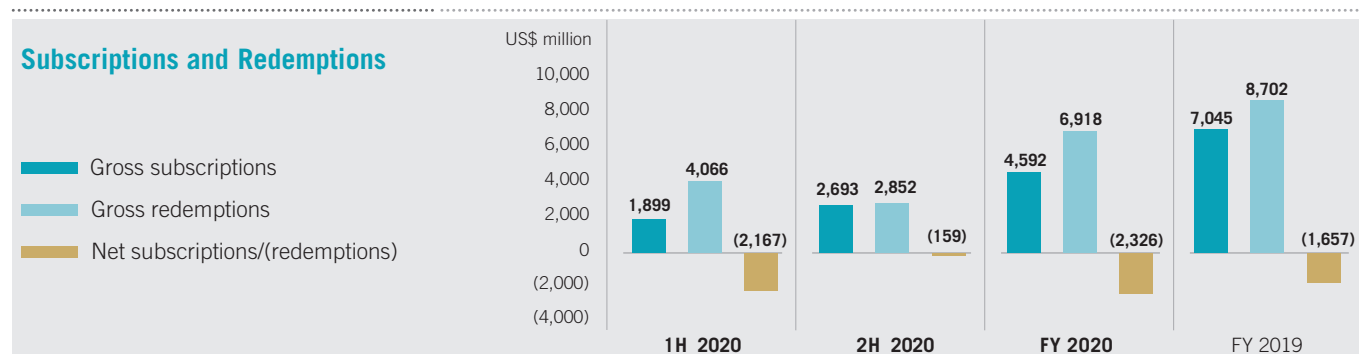
Assets Under Management (“AUM”)

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.

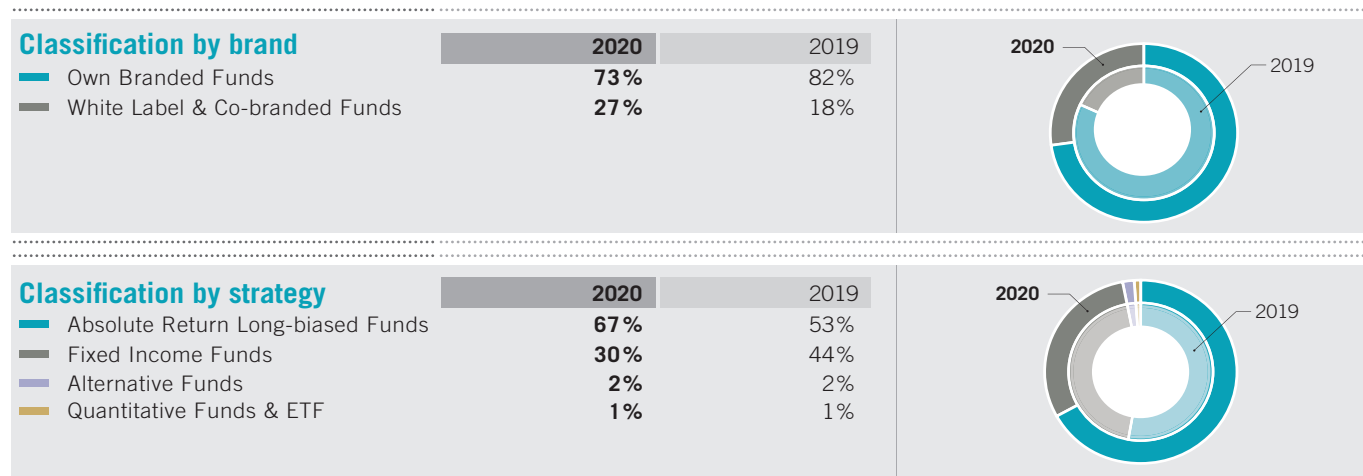
Overall fund performance¹, calculated as the asset-weighted average return of funds under management, rose 16.9% in 2020. Among our funds, the Value Partners Classic Fund², our flagship product, increased by 37.6% during the year, while the Value Partners High-Dividend Stocks Fund³, recorded a gain of 13.9% during the year. Meanwhile, the Value Partners Greater China High Yield Income Fund⁴, the Group’s largest public fund⁵ 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).



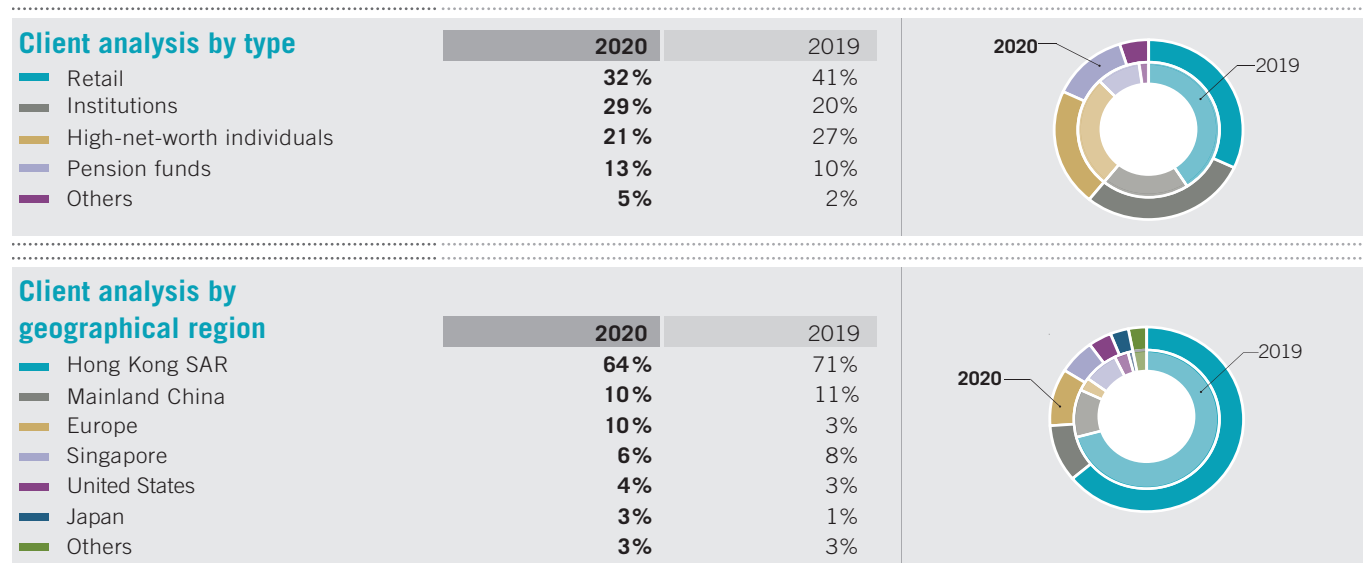
AUM by category

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%).

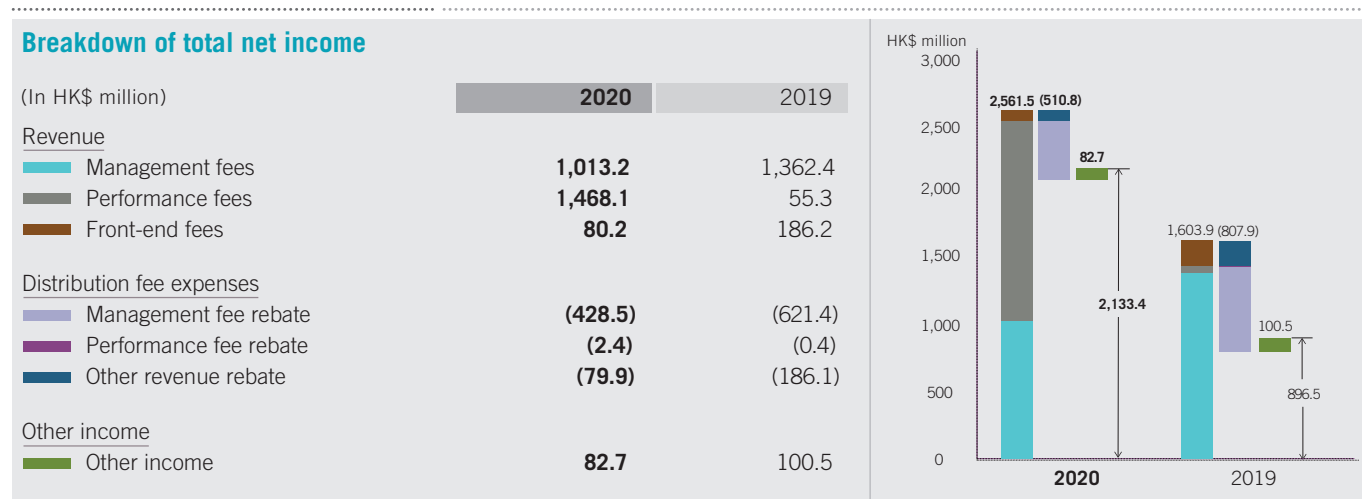


Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	2020	2019	% Change
Total revenue	2,561.5	1,603.9	+59.7%
Gross management fees	1,013.2	1,362.4	-25.6%
Gross performance fees	1,468.1	55.3	+2,554.8%
Operating profit (before other gains/losses)	1,308.5	343.7	+280.7%
Profit attributable to owners of the Company	1,379.5	513.4	+168.7%
Basic earnings per share (HK cents)	74.4	27.7	+168.6%
Diluted earnings per share (HK cents)	74.4	27.7	+168.6%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	26.0	9.0	+188.9%
Special dividend per share (HK cents)	8.0	13.0	-38.5%
Total dividend per share (HK cents)	34.0	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		263.7	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.

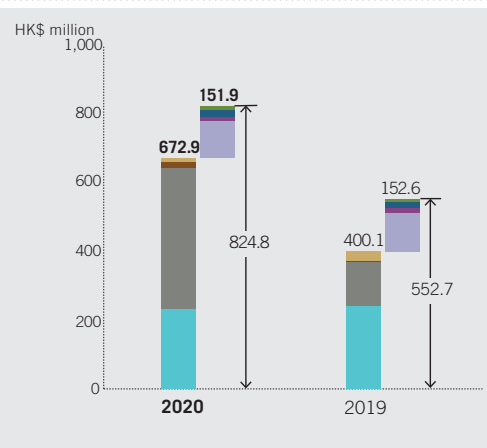
Investment in joint ventures

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
Compensation and benefit expenses		
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
Other expenses		
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).

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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS HONG KONG

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers Hong Kong ("PwC"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

HUMAN RESOURCES

As at 31 December 2020, the Group employed 173 staff (2019: 183) in Hong Kong SAR, 34 staff (2019: 32) in Shanghai, 5 staff (2019: 6) in Shenzhen, 5 staff (2019: 6) in Singapore, 2 staff (2019: 3) in London and 6 staff (2019: 8) in Malaysia. Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with the Group's emphasis on recognition for performance and human capital retention, the Group rewards its employees with year-end discretionary bonus which is linked to the Group's level of profits for that financial year.

DIVIDENDS

No interim dividend was paid during the year. The Board is pleased to recommend the distribution 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. Subject to the approval of shareholders of the Company at the Annual General Meeting ("AGM") for the year 2021, the final and special dividends will be payable on or about 25 May 2021 to shareholders whose names appear on the Registers of Members of the Company at close of business on 10 May 2021. Dividend per share is declared based on the Group's realized profit which excluded the unrealized gains and losses recognized, the Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Friday, 30 April 2021. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

1. AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Tuesday, 27 April 2021 to Friday, 30 April 2021 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 26 April 2021.

2. Proposed Final and Special Dividends

The proposed final and special dividends are subject to the passing of an ordinary resolution by shareholders at the AGM. The record date for entitlement to the proposed final and special dividends is 10 May 2021. For determining the entitlement to the proposed final and special dividends, the Register of Members of the Company will be closed from Thursday, 6 May 2021 to Monday, 10 May 2021, both days inclusive, during which period no transfer of shares will be effected. The ex-dividend date will be Tuesday, 4 May 2021. In order to qualify for the proposed final and special dividends mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the abovementioned address not later than 4:00 p.m. on Wednesday, 5 May 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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.

AUDIT COMMITTEE

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2020.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions (except as stated below) in the Corporate Governance Code ("CG Code"), as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2020. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2020.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

The final results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.valuepartners-group.com>). The annual report will be despatched to shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

OUR APPRECIATION

Finally, we would like to express our gratitude to shareholders, business partners, distributors and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

By order of the board of
Value Partners Group Limited
Dato' Seri CHEAH Cheng Hye
Co-Chairman and Co-Chief Investment Officer

Hong Kong, 11 March 2021

As of the date of this Announcement, our Directors are Dato' Seri Cheah Cheng Hye, Mr. So Chun Ki Louis, Ms. Hung Yeuk Yan Renee and Mr. Ho Man Kei, Norman as Executive Directors and Dr. Chen Shih Ta Michael, Mr. Nobuo Oyama and Mr. Wong Poh Weng as Independent Non-executive Directors.