

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

2020 ANNUAL
REPORT

For the year ended 31 December 2020



Value Partners Hong Kong Limited

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

This report shall not constitute an offer to sell or a solicitation of an offer to buy shares in any of the funds. Subscriptions are to be made only on the basis of the information contained in the explanatory memorandum, as supplemented by the latest semi-annual and annual reports.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

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VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

GENERAL INFORMATION

Manager

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

Directors of the Manager

Dato' Seri Cheah Cheng Hye
Mr. So Chun Ki Louis
Mr. Ho Man Kei, Norman

Trustee, Administrator and Custodian

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Registrar

HSBC Trustee (Cayman) Limited

Principle address:

Strathvale House
90 North Church Street
George Town
Grand Cayman
Cayman Islands

Registered address:

P.O. Box 309
Ugland House
George Town
Grand Cayman
KY1-1104
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Legal Advisor

Deacons
5th Floor, Alexandra House
18 Chater Road, Central
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building
10 Chater Road, Central
Hong Kong

Information available from:

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Email : fis@vp.com.hk

Website : www.valuepartners-group.com

GENERAL INFORMATION (Continued)

Recent awards and achievements

Fund award	
2017	<ul style="list-style-type: none">• Thomson Reuters Lipper Fund Awards 2017 Best Asia Pacific ex-Japan Equity (10 Years) – <i>Thomson Reuters</i>
Corporate awards	
2018	<ul style="list-style-type: none">• I&M Professional Investment Awards 2018 House Performance Awards: Offshore China Equity (10-Year) – <i>Insight and Mandate</i>• Benchmark Fund of the Year Awards 2018, Hong Kong Asia ex-Japan Equity House: Best-In-Class – <i>Benchmark</i>• Benchmark Fund of the Year Awards 2018, Hong Kong Greater China Equity House: Outstanding Achiever – <i>Benchmark</i>

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MANAGER'S REPORT

Under the COVID-caused economic damages, selective North Asian markets, particularly China, came out stronger, leading Asia's uneven recovery path and equity returns throughout 2020.

In 2020, the MSCI Asia ex Japan Index ended the year with a 25.0%¹ rise, versus the net 0% return in the MSCI Asia ex Japan High Dividend Yield Index. Over the same period, the Fund returned 13.9%.

China: Domestic consumers is the mainstay of post-COVID growth

China was the first to lock down as the COVID epidemic unfolded but opened up sooner and has managed to secure growth in major macro indicators. After the deepest contraction of GDP in history in the first quarter, the country's YoY economic growth returned to the positive territory in the third and fourth quarter, concluding full year 2020 with 2.3% GDP growth². The growth was supported by domestic-led economic activities and exports.

Geopolitical tension was another key event in 2020 as the relations turned strained when the U.S. takes aim at the giant Chinese tech firms and introduced investment restrictions in China-related companies. Following the White House's power transition, we take a cautiously optimistic stance as we expect a more open platform for discussion but a low likelihood of a complete reversal of policies implemented during Trump's presidency. Thus, China taking a domestic-oriented approach in its dual-circulation agenda is sensible as it builds a more self-reliant economy that helps manage growth volatility induced by external uncertainties going forward.

Taiwan: Robust export and undisturbed economic growth

Throughout the year, Taiwan's economy and equity market braved the challenges, with its resiliency outstanding among other markets. Effective handling of the virus and a favorable surge in digitalization demand all contributed to the strong equity rally. Taiwan has been the major beneficiary of the ongoing 5G upgrade and the robust demand for stay-home electronic equipment amid the lockdown throughout most of 2020. In 4Q20, both electronic components and information technology products export refreshed their respective previous highs. The full-year export volume saw a 4.9% year-on-year growth ending at US\$3.4 trillion³, more than offsetting the weakness in non-tech export amid the COVID-caused lockdown abroad. Riding on a domestic consumption recovery and positive export growth, the officials provided an optimistic GDP growth target of 3.8% for 2021⁴.

South Korea: External demand clears up recovery

Similarly, South Korea is also a beneficiary of the demand created by the accelerated digitalization trend, especially for DRAM memory chips – a major commercial product in Korea's chip export. Such backdrop supported equity market performance with the MSCI Korea Index ending the year with a 45.2% rise¹. Manufacturing activities are expected to continue the robust momentum, as echoed by the country's trade ministry who expects the COVID-induced demand for remote activities to persist and thus chip exports to rise more than 10% in 2021⁵. On the basis of a meaningful recovery in anticipation, the Bank of Korea projects the economy to go up 3.0% in 2021⁶.

MANAGER'S REPORT (Continued)**ASEAN: Monitor virus contagion and USD**

After the sluggish performance in 2020, the South Asian equity market emerges as a catch-up potential, seeing a considerable amount of foreign institutional capital inflows towards the end of the year. Looking beyond COVID-19, the U.S. Federal Reserve confirmed its dovish stance and revealed a greater tolerance over the inflation rate during the quarter. The U.S. dollar is believed to be on a structural weakening trend, which has historically provided a favorable environment for equity performance in the ASEAN region.

Portfolio strategy review

Despite the destructive pandemic impacts in 2020, Asian equities managed to look past the disruptions and posted a strong performance. Digging deep in performance breakdown, however, one could find the performance contribution was heavily skewed towards specific sectors that benefited from the pandemic, namely non-dividend-paying new economy stocks that enjoyed structural growth. Overall, 2020 had not been a favorable year for equity dividend strategy.

Considering the challenges and the dividend reduction risk amid the pandemic, it has come to our careful and measured consideration to strategically allocate part of the portfolio to respective structural growth stocks while maintaining the overall portfolio dividend yield at 4%. This has paid off as the Fund climbed 13.9% in 2020 versus net 0% return in the MSCI Asia ex Japan High Dividend Yield Index. One of the key sector additions to the portfolio was e-commerce, as they benefited from the inevitably expedited digitalization trend. Besides the newly added structural growth exposures, our core technology hardware holdings in Taiwan and South Korea were also among the top contributors, supported by the strong pandemic tailwind, which boosted the demand for stay-home electronic equipment. Another contributor is our underweight position in the South Asia region throughout the year as the sub-region was greatly under the adverse impact of COVID-19, driving an unexciting earnings recovery profile. Meanwhile, detraction came from the old economy sectors such as real estate, financials, and industrials as they were dragged by the dampened macroeconomy.

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MANAGER'S REPORT (Continued)

Outlook

Into 2021, we look to maintain a diversified portfolio and being nimble on the structural growth stocks allocation. We believe the worst of the pandemic is behind us. The anticipated vaccine shall gradually unlock the reopening and recovery process in 2021. The preemptive and supportive monetary and fiscal policies have been a major tailwind to global equity markets in 2020, and we believe the liquidity-driven environment would not subside in 2021. Asian equities, especially China-related companies, are expected to lead the growth. Profit growth derived from old and new economy sectors is expected to be more balanced this year. Besides, the USD is on a structural weakening trend, which is traditionally favorable to emerging market equities. Also, because of their highly sensitive nature to fund flows, we see selective value opportunities in South Asian equities.

Value Partners Hong Kong Limited

22 April 2021

1. Source: MSCI, 31 December 2020

2. Source: National Bureau of Statistics, People's Republic of China, 18 January 2021

3. Source: Ministry of Finance, Republic of China (Taiwan), 8 January 2021

4. Source: Directorate-General of Budget Accounting And Statistics, Executive Yuan, Republic of China (Taiwan), 27 November 2020

5. Source: Ministry of Trade, Industry and Energy, Republic of Korea

6. Source: The Bank of Korea

Fund performance mentioned is referred to Value Partners High-Dividend Stocks Fund (Class A1). All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in US\$ terms on NAV-to-NAV basis with dividends reinvested) as at 31 December 2020. Performance data is net of all fees. All indices are for reference only.

Individual stock performance is not indicative of fund performance.

The views expressed are the views of Value Partners Hong Kong Limited only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but their accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

MANAGER'S REPORT (Continued)

Top 10 securities holdings as at 31 December 2020

Stock	Industry	Valuation (2021 Estimates)	Remarks
<p>China Construction Bank (Code: 939 HK)</p> <p>Market cap: US\$191.9 billion</p>	Banks	<p>Price: HK\$5.9</p> <p>P/E: 4.7x</p> <p>P/B: 0.5x</p> <p>Yield: 6.4%</p>	<p>China Construction Bank ranks second in China in terms of assets and deposits. It has one of the best track records among large Chinese banks. The bank is well balanced between growth, profitability, capital adequacy and shareholders returns. The bank has been a consistent leader in core profitability. The bank's core capital adequacy and reserve coverage are also one of the best among peers. The bank has the largest existing mortgage exposure and longest mortgage duration, making it a defensive play in the banking space.</p>
<p>China Life Insurance (Code: 2628 HK)</p> <p>Market cap: US\$138.9 billion</p>	Insurance	<p>Price: HK\$17.1</p> <p>P/E: 7.2x</p> <p>P/B: 0.8x</p> <p>Yield: 4.0%</p>	<p>China Life Insurance is the largest life insurance player with a 20% market share in China for FY20 in gross written premium. The penetration rate of life insurance in China currently remains low, while China's interest rate is still high compared to other developing countries. This presents enormous growth potentials and decent profitability for the Company. However, its current valuation is pricing in a no-growth and negative-spread-risk scenario, signaling compelling investment opportunities.</p>

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MANAGER'S REPORT (Continued)

Top 10 securities holdings as at 31 December 2020 (Continued)

Stock	Industry	Valuation (2021 Estimates)	Remarks
China Resources Land (Code: 1109 HK) Market cap: US\$29.4 billion	Real Estate	Price: HK\$32.0 P/E: 6.5x P/B: 0.9x Yield: 5.5%	China Resources Land is the flagship subsidiary of China Resources Group engaging in real estate business, as well as one of the most influential comprehensive real estate developers in Mainland China. The company stands out on its decades-long and best-in-class expertise and track record of building complexes (residential, shopping mall and office) in the urban cores of China's megacities. The company stands to gain market share at a lower cost, which should support sustainable growth in the long run.
China Yongda Automobiles Services Holdings (Code: 3669 HK) Market cap: US\$3.3 billion	Retailing	Price: HK\$12.8 P/E: 8.5x P/B: 1.4x Yield: 3.6%	China Yongda is one of the largest auto dealership groups in China, with an approximate 80% exposure to luxury brands. The Company benefits from the ongoing consumption upgrade trend in China and continues to gain market share. The Company's valuation is relatively low compared to its peers, while its high exposure to BMW could provide further upside as it rides on BMW's strong product cycle.

MANAGER'S REPORT (Continued)

Top 10 securities holdings as at 31 December 2020 (Continued)

Stock	Industry	Valuation (2021 Estimates)	Remarks
CIFI Holdings (Code: 884 HK) Market cap: US\$7.0 billion	Real Estate	Price: HK\$6.6 P/E: 4.3x P/B: 0.9x Yield: 8.1%	CIFI is a high-growth, medium-sized property developer in China. In addition to a solid contracted sales growth outlook, the Company's ambitious strategy in investment properties would offer a potential re-rating. Also, the new businesses of the Company, such as rental apartment leasing and prefabricated building, may turn into a spin-off opportunity in the future. Valuation is highly attractive on all matrices.
Haitian International (Code: 1882 HK) Market cap: US\$5.5 billion	Capital Goods	Price: HK\$26.8 P/E: 15.6x P/B: 2.3x Yield: 2.0%	Haitian is China's largest plastic injection molding machine maker, with over 40% market share. Not only has Haitian been seeing a recovery in Domestic China orders since Mar 2020, Overseas momentum has also been picking up in recent months. We believe Haitian will benefit from the continued recovery of general manufacturing capital expenditure in 2021, led by autos, home appliances and smartphones, along with easing of the pandemic.
Pinduoduo (Code: PDD US) Market cap: US\$218.6 billion	Retailing	Price: US\$177.7 P/E: 452.7x P/B: 47.6x Yield: 0.0%	Pinduoduo operates an e-commerce platform, where offers value-for-money merchandise and interactive shopping options. Resembling a virtual bazaar, the platform sells a suite of product categories from apparel and shoes to fresh produce and electronic appliances.

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MANAGER'S REPORT (Continued)

Top 10 securities holdings as at 31 December 2020 (Continued)

Stock	Industry	Valuation (2021 Estimates)	Remarks
Samsung Electronics (Code: 005935 KS) Market cap: US\$55.6 billion	Technology, Hardware and Equipment	Price:KRW73,600.0 P/E:12.9x P/B:1.6x Yield: 2.5%	Samsung Electronics is a global leader in semis memory, OLED, smartphones, TVs and home appliances with a diversified global customer base. Particularly with regard to its memory business, the Company's market-leading technologies have resulted in a solid global market share. The business is set to benefit from growing storage and processing demand from data consumption and computation.
Taiwan Semiconductor Manufacturing (Code: 2330 TT) Market cap: US\$489.1 billion	Semiconductors and semiconductor equipment	Price:TWD530.0 P/E:26.3x P/B:6.8x Yield: 2.1%	Taiwan Semiconductor Manufacturing is a world-class independent semiconductor foundry. It provides integrated circuit (IC) design houses with integrated services for process design, wafer manufacturing and testing. As a global leader with more than 50% share of the outsourcing market, the Company has consistently outperformed competitors in terms of technology and profitability. We think the Company is well-positioned to continue to benefit from the growing IC manufacturing outsourcing market and the rising demand for the Internet of things trend, AI chips and new application areas.

MANAGER'S REPORT (Continued)

Top 10 securities holdings as at 31 December 2020 (Continued)

Stock	Industry	Valuation (2021 Estimates)	Remarks
Tencent Holdings (Code: 700 HK) Market cap: US\$697.7 billion	Media and Entertainment	Price: HK\$564.0 P/E: 30.0x P/B: 6.5x Yield: 0.3%	Tencent is a leading provider of online games, premium messaging services, internet value-added services, and advertising and e-commerce services in China. By leveraging its large active user base, it offers good long-term monetization potential. Tencent's largest online user platform allows it to monetize other services such as payment and performance ads, while its strength in mobile and PC gaming offers long-term growth opportunities.

Note: The above investments made up 40.0% of Value Partners High-Dividend Stocks Fund as at 31 December 2020. The stock prices are based on the closing of 31 December 2020.

Individual stock performance/yield is not necessarily indicative of overall fund performance.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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MANAGER'S REPORT (Continued)

Value Partners High-Dividend Stocks Fund – NAV as at 31 December 2020

Classes	NAV per unit
Class A1 USD	USD107.04
Class A1 HKD ^B (for reference only)	HKD829.69
Class A Acc RMB Hedged	RMB15.43
Class A Acc RMB Unhedged	RMB17.05
Class A2 MDis USD	USD11.95
Class A2 MDis HKD	HKD10.91
Class A2 MDis AUD Hedged	AUD9.92
Class A2 MDis CAD Hedged	CAD10.29
Class A2 MDis GBP Hedged	GBP9.73
Class A2 MDis NZD Hedged	NZD10.32
Class A2 MDis RMB Hedged	RMB10.38
Class A2 MDis RMB Unhedged	RMB10.49
Class A2 MDis SGD Hedged	SGD11.32
Class P MDis RMB	RMB11.8607
Class P MDis RMB Hedged	RMB13.1000
Class P Acc RMB	RMB12.4117
Class P Acc RMB Hedged	RMB13.4544
Class X Acc USD Unhedged	USD18.46
Class Z	USD17.18

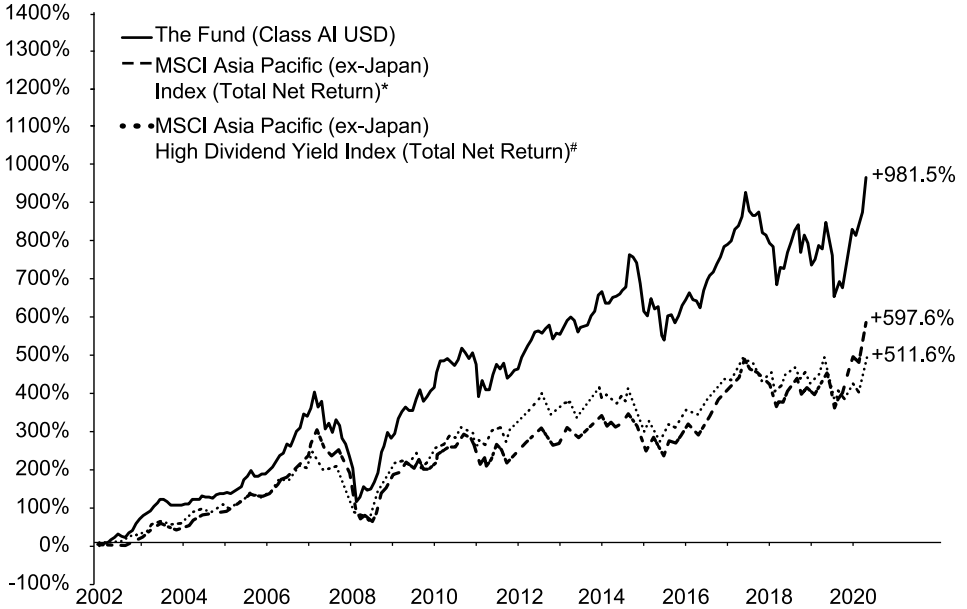
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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MANAGER'S REPORT (Continued)

Performance since launch

From 2 September 2002 to 31 December 2020



β Investors should note that the base currency of the Fund is in USD. The HKD equivalent NAV per unit for the Fund is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of the Fund will normally take place at the prevailing rate (as determined by the Fund's trustee or Custodian) on the corresponding fund dealing day. Investors should be aware of possible risks resulting from fluctuations of exchange rates against USD.

* Index refers to MSCI AC Asia Pacific (ex-Japan) Index (Total Net Return) up to 30 Apr 2016, thereafter it is the MSCI AC Asia (ex-Japan) Index (Total Net Return) due to a change in investment profile. MSCI (Total Net Return) Indices takes into account of dividend reinvestment after deduction of withholding tax.

MSCI AC Asia Pacific (ex-Japan) High Dividend Yield Index (Total Net Return) was used up to 30 Apr 2016, thereafter it is the MSCI AC Asia (ex-Japan) High Dividend Yield Index (Total Net Return) due to a change in investment profile. MSCI (Total Net Return) Indices takes into account of dividend reinvestment after deduction of withholding tax.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager, Value Partners Hong Kong Limited, is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed dated 7 August 2002 (as amended) and Deed of retirement and appointment of Manager dated 31 March 2016 to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of Value Partners High-Dividend Stocks Fund (the "Fund") at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed dated 7 August 2002 (as amended) and Deed of retirement and appointment of Manager dated 31 March 2016 and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee, HSBC Institutional Trust Services (Asia) Limited, is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed dated 7 August 2002 (as amended) and Deed of retirement and appointment of Manager dated 31 March 2016 and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained so as to enable the financial statements to be prepared;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

TRUSTEE'S REPORT

We hereby confirm that, in our opinion, the Manager, Value Partners Hong Kong Limited, has, in all material respects, managed Value Partners High-Dividend Stocks Fund in accordance with the provisions of the Trust Deed dated 7 August 2002 (as amended) and Deed of retirement and appointment of Manager dated 31 March 2016 for the year ended 31 December 2020.

For and on behalf of
HSBC Institutional Trust Services (Asia) Limited

Trustee
22 April 2021

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

Opinion

What we have audited

The financial statements of Value Partners High-Dividend Stocks Fund (the "Fund") set out on pages 20 to 68, which comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020, and its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND (Continued)**

(A Hong Kong unit trust)

Other Information

The Manager and the Trustee (the "Management") of the Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the Management for the Financial Statements

The Management of the Fund is responsible for the preparation and fair presentation of financial statements in accordance with IFRS, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Fund is responsible for assessing the Fund'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 Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 7 August 2002 (as amended), Deed of retirement and appointment of the Manager dated 31 March 2016 and Deed of retirement and appointment of the Trustee dated 31 March 2016 (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND (Continued)

(A Hong Kong unit trust)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

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

- Identify and assess the risks of material misstatement of the 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND (Continued)**

(A Hong Kong unit trust)

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

- Conclude on the appropriateness of the Management's 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 Fund'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 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management 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.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code.

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

22 April 2021

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 US\$	2019 US\$
Assets			
Financial assets at fair value through profit or loss	4(d)	1,967,942,508	2,431,433,502
Amounts receivable on sales of investments		6,597,962	15,020,626
Amounts receivable on issue of units		2,509,020	2,912,252
Dividends, interest receivables and other receivables	7(h)	2,857,812	3,414,910
Margin deposits		2,793	2,779
Bank balances	7(h)	<u>23,944,532</u>	<u>47,600,883</u>
Total assets		<u>2,003,854,627</u>	<u>2,500,384,952</u>
Liabilities			
Financial liabilities at fair value through profit or loss	4(d)	25,498	138,751
Amounts payable on purchase of investments		17,925,587	1,673,344
Amounts payable on redemption of units		11,074,129	14,123,900
Management fees payable	7(a)	2,023,348	2,642,457
Performance fees payable	7(b)	40,315,325	19,784
Distribution payable		3,270,658	6,312,414
Bank overdrafts	7(h)	2,971,967	7,958,314
Accruals and other payables	7(h)	<u>330,327</u>	<u>405,684</u>
Liabilities (excluding net assets attributable to unitholders)		<u>77,936,839</u>	<u>33,274,648</u>
Net assets attributable to unitholders	6	<u>1,925,917,788</u>	<u>2,467,110,304</u>

Signed by:

Value Partners Hong Kong Limited, Manager

HSBC Institutional Trust Services (Asia) Limited, Trustee

The notes on pages 26 to 68 are an integral part of these financial statements.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US\$	2019 US\$
Income			
Dividends		70,823,000	99,810,107
Interest on bank deposits	7(h)	121,655	306,684
Net realised gains on investments		79,984,565	38,619,550
Change in unrealised gains/losses on investments		153,192,877	273,615,611
Net foreign exchange losses		(1,890,358)	(1,130,309)
Other income	7(f)	26,493	60,572
		<u>302,258,232</u>	<u>411,282,215</u>
Expenses			
Management fees	7(a)	(23,923,752)	(31,448,483)
Performance fees	7(b)	(40,315,326)	(19,785)
Transaction costs	7(h), 9	(11,768,341)	(7,525,524)
Trustee fees	7(c), 7(h)	(2,741,644)	(3,535,159)
Interest expense	7(h)	(265,089)	(1,145,366)
Safe custody and bank charges	7(h)	(429,096)	(512,967)
Legal and professional fees		(219,681)	(38,814)
Auditor's remuneration		(33,700)	(37,150)
Other operating expenses	7(h)	(795,576)	(865,508)
		<u>(80,492,205)</u>	<u>(45,128,756)</u>
Profit before tax		221,766,027	366,153,459
Withholding tax on dividends and other investment income	8(d)	<u>(5,664,105)</u>	<u>(7,261,462)</u>
Profit after tax and before distributions		216,101,922	358,891,997
Distributions to unitholders	10	<u>(52,862,123)</u>	<u>(88,848,568)</u>
Increase in net assets attributable to unitholders from operations after distributions		<u>163,239,799</u>	<u>270,043,429</u>

The notes on pages 26 to 68 are an integral part of these financial statements.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 US\$	2019 US\$
Net assets attributable to unitholders as at 1 January	2,467,110,304	2,548,544,757
Issue of units	296,446,649	667,502,175
Redemption of units	(1,000,878,964)	(1,018,980,057)
Net decrease from unit transactions	(704,432,315)	(351,477,882)
Profit after tax and before distributions	216,101,922	358,891,997
Distributions to unitholders	(52,862,123)	(88,848,568)
Increase in net assets attributable to unitholders from operations after distributions	163,239,799	270,043,429
Net assets attributable to unitholders as at 31 December	<u>1,925,917,788</u>	<u>2,467,110,304</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

The movement of number of units in issue during the years was as follows:

Number of units	As at 1 January	Issue of units	Redemption of units	As at 31 December
2020				
Class A1 USD	9,691,588	537,543	(2,473,923)	7,755,208
Class A Acc RMB Hedged	1,482,752	20,705	(493,560)	1,009,897
Class A Acc RMB Unhedged	189,576	90,364	(188,951)	90,989
Class A2 MDis USD	65,228,879	8,977,451	(32,795,728)	41,410,602
Class A2 MDis HKD	326,979,435	57,973,149	(184,071,938)	200,880,646
Class A2 MDis AUD Hedged	30,282,243	7,900,156	(17,299,748)	20,882,651
Class A2 MDis CAD Hedged	5,643,627	1,635,600	(2,854,018)	4,425,209
Class A2 MDis GBP Hedged	3,895,730	1,078,852	(2,148,813)	2,825,769
Class A2 MDis NZD Hedged	6,097,145	1,010,338	(2,815,111)	4,292,372
Class A2 MDis RMB Hedged	22,013,967	7,348,683	(14,545,410)	14,817,240
Class A2 MDis RMB Unhedged	950,822	1,267,891	(648,228)	1,570,485
Class A2 MDis SGD Hedged	3,157,712	628,937	(2,493,102)	1,293,547
Class P MDis RMB	–	86,879	(73,682)	13,197
Class P MDis RMB Hedged	–	58,493	(45,462)	13,031
Class P Acc RMB	–	134,877	(81,187)	53,690
Class P Acc RMB Hedged	–	631,229	(370,127)	261,102
Class X Acc USD Unhedged	599,786	840	(402,919)	197,707
Class Z	1,292,713	–	(760,770)	531,943
2019				
Class A1	11,084,628	995,858	(2,388,898)	9,691,588
Class A Acc RMB Hedged	1,387,441	342,050	(246,739)	1,482,752
Class A Acc RMB Unhedged	671,830	6,785	(489,039)	189,576
Class A2 MDis	76,525,404	19,309,900	(30,606,425)	65,228,879
Class A2 MDis HKD	368,877,257	141,700,036	(183,597,858)	326,979,435
Class A2 MDis AUD Hedged	34,171,096	18,110,578	(21,999,431)	30,282,243
Class A2 MDis CAD Hedged	7,015,669	1,653,514	(3,025,556)	5,643,627
Class A2 MDis GBP Hedged	4,178,408	2,109,346	(2,392,024)	3,895,730
Class A2 MDis NZD Hedged	6,961,244	3,154,261	(4,018,360)	6,097,145
Class A2 MDis RMB Hedged	22,770,857	7,788,330	(8,545,220)	22,013,967
Class A2 MDis RMB Unhedged	995,079	749,342	(793,599)	950,822
Class A2 MDis SGD Hedged	1,975,394	1,625,377	(443,059)	3,157,712
Class X Acc USD Unhedged	841,863	7,783	(249,860)	599,786
Class Z	1,758,032	339,225	(804,544)	1,292,713

The notes on pages 26 to 68 are an integral part of these financial statements.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 US\$	2019 US\$
Cash flows from operating activities		
Increase in net assets attributable to unitholders from operations	163,239,799	270,043,429
Adjustments for:		
Dividends and interest on bank deposits	(70,944,655)	(100,116,791)
Distributions to unitholders	52,862,123	88,848,568
Withholding tax on dividends and other investment income	5,664,105	7,261,462
	<u>150,821,372</u>	<u>266,036,668</u>
Decrease in financial assets at fair value through profit or loss	463,490,994	26,502,885
Decrease in financial liabilities at fair value through profit or loss	(113,253)	(2,111,227)
Decrease/(increase) in amounts receivable on sales of investments	8,422,664	(8,808,674)
Increase/(decrease) in amounts payable on purchase of investments	16,252,243	(11,144,502)
Increase in other receivables	(75,356)	(7,071)
(Decrease)/increase in bank overdrafts	(4,986,347)	7,958,314
(Increase)/decrease in margin deposits	(14)	1,097
Decrease in management fees payable	(619,109)	(43,861)
Increase in performance fees payable	40,295,541	19,784
Decrease in accruals and other payables	(75,357)	(80,716)
	<u>673,413,378</u>	<u>278,322,697</u>
Cash generated from operations	673,413,378	278,322,697
Dividends and interest on bank deposits received	71,577,109	98,222,369
Withholding tax on dividends and other investment income paid	(5,664,105)	(7,261,462)
	<u>739,326,382</u>	<u>369,283,604</u>
Net cash inflow from operating activities	<u>739,326,382</u>	<u>369,283,604</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Cash flows from financing activities		
Proceeds from issue of units	296,849,881	674,779,024
Payments on redemption of units	(1,003,928,735)	(1,008,457,805)
Distributions paid to unitholders	(55,903,879)	(90,603,917)
	<u>(762,982,733)</u>	<u>(424,282,698)</u>
Net cash outflow from financing activities		
	(23,656,351)	(54,999,094)
Cash and cash equivalents as at 1 January	47,600,883	102,599,977
	<u>23,944,532</u>	<u>47,600,883</u>
Cash and cash equivalents as at 31 December, representing bank balances		

The notes on pages 26 to 68 are an integral part of these financial statements.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Value Partners High-Dividend Stocks Fund (the “Fund”) is an open-ended unit trust established by the Trust Deed dated 7 August 2002 (as amended) and governed by the laws of Hong Kong. The Fund is authorised by the Securities and Futures Commission of Hong Kong and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the “Code”).

The Fund’s investment objective is to provide capital appreciation to unitholders by investing primarily (i.e. not less than 70% of the Trust’s NAV) in a portfolio of relatively higher yielding debt and equity securities in the Asian region. The Trust will concentrate on investing in interest-bearing or dividend-distributing debt and equity securities of companies or issuers listed in the Asian markets. There are no fixed geographical, sectoral or industry weightings in the allocation of assets and the Manager does not intend to follow benchmark indices in determining the geographical, sectoral or industry weightings of the Trust. For the avoidance of doubt, not less than 70% of the Trust’s NAV will be invested in equity securities. The Fund’s investment activities are managed by Value Partners Hong Kong Limited (the “Manager”) and the Fund’s administration is delegated to HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires the exercise its judgement in the process of applying the Fund’s accounting policies.

All references to net assets throughout this document refer to net assets attributable to unitholders unless otherwise stated.

Standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Fund.

Standards that are not yet effective and have not been early adopted by the Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(b) Investment entity**

The Fund has been deemed to meet the definition of an investment entity per IFRS 10 "Consolidated Financial Statement" as the following conditions exist:

- (i) The Fund has multiple investments.
- (ii) The Fund obtained funding for the purpose of providing investors with investment management services.
- (iii) The Fund's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income; and
- (iv) The performance of investments made through the investee funds are measured and evaluated on a fair value basis.

The Fund meets all of the typical characteristics of an investment entity and management believes it is an investment entity. As a result, the Fund is exempted from the consolidation requirement in accordance with IFRS 10. The Fund is required to account for the unconsolidated structure entities at fair value through profit and loss.

(c) Interest in unconsolidated 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.

The Fund considers its investment in Investee Funds to be investment in unconsolidated structured entities. The Fund invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by a group company of the Manager who apply various investment strategies to accomplish the respective investment objectives of the Investee Funds.

The Fund's investments in unconsolidated structured entities are shown as financial assets at fair value through profit and loss. The change in fair value of each Investee Fund is included in the statement of comprehensive income.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets and liabilities at fair value through profit or loss

(i) *Classification*

– *Assets*

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective.

– *Liabilities*

The Fund short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss.

The Fund's policy requires the Manager and Trustee to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

All derivatives are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(d) Financial assets and liabilities at fair value through profit or loss (Continued)****(ii) Recognition/derecognition**

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income in the year in which they arise.

Dividend on short sales of equity securities is included in the statement of comprehensive income within dividends on securities borrowed.

(iv) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) 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 asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets and liabilities at fair value through profit or loss (Continued)

(iv) Fair value estimation (Continued)

Debt securities are stated at fair valued based on quoted prices inclusive of accrued interest.

Investments in Investee Funds are stated at fair value based on the net asset value per unit/share of the respective funds as determined by the administrators of the relevant funds or stated at last traded prices if the Investee Funds are listed or traded on an exchange.

Over-the-counter derivatives that are not traded in an active market is determined by using broker quotes or valuation techniques.

(e) Income

(i) Interest income

Interest income on bank deposits is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method.

Interest income on debt securities is recognised in the statement of comprehensive income within “Net realised gains on investments” and “Change in unrealised gains/losses on investments”, which depends on whether the Fund holds that debt security as at year end.

(ii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(f) Expenses

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income.

(g) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs when incurred, are immediately recognised in the statement of comprehensive income as an expense.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(h) Distributions payable to unitholders**

Proposed distributions to unitholders are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. The distribution on the units is recognised as a finance cost in the statement of comprehensive income.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise 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 Fund or the counterparty.

(j) Foreign currency translation***(i) Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). The performance of the Fund is measured and reported to the unitholders in United State dollar (“US\$”). The Manager considers US\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in US\$, which is the Fund’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign exchange gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net realised gains/(losses) on investments” and “change in unrealised gains/losses on investments”.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation

The Fund currently incurs withholding tax imposed by certain countries on investment income and capital gains. Such income is recorded gross of withholding tax in the statement of comprehensive income.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and exclude overdrafts with the broker as they are restricted for investment purposes. Bank overdrafts are shown in current liabilities in the statement of financial position.

(m) Redeemable units

Redeemable units are classified as financial liabilities and are issued or redeemed at the holder's option at prices based on the Fund's net asset value per unit as at the close of business on the relevant dealing day. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value of financial instruments not quoted in an active market

The Fund holds financial instruments that are not traded or quoted in an active market. The Fund 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. (See Note 4(d) for further details)

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 and last transacted price. 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 Fund would exercise judgement and estimates on the quantity and quality of pricing sources uses. Where no market data is available, the Fund 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.

4 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit and counterparty risk and liquidity risk.

The risks and respective risk management policies employed by the Fund to manage these risks are discussed below:

(a) Market risk***(i) Foreign exchange risk***

The Fund may hold assets denominated in currencies other than the United States dollar, the functional currency, it may therefore be exposed to foreign exchange risk. The Fund's overall currency positions are monitored on a daily basis by the Manager.

The tables below include both monetary and non-monetary assets and liabilities held in foreign currencies together with the percentage of reasonable possible change in foreign currencies and the estimated impact on net assets. Non-monetary investments include equity securities and derivatives and monetary investments include debt securities.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	Total net foreign currency exposures		Percentage change %	Estimated impact on net assets US\$
	Non- monetary net assets US\$ equivalent	Monetary net assets US\$ equivalent		
As at 31 December 2020				
Australian dollar	9,363,380	157,834,783	+/-5	+/-8,359,908
Canadian dollar	–	35,172,435	+/-5	+/-1,758,622
Hong Kong dollar*	978,282,033	821,298	+/-0	–
Indonesian rupiah	38,857,421	–	+/-5	+/-1,942,871
New Zealand dollar	–	31,416,953	+/-5	+/-1,570,848
Pound sterling	1,550,343	37,541,050	+/-5	+/-1,954,570
Philippine peso	7,731,535	–	+/-5	+/-386,577
Renminbi	12,829,509	26,647,157	+/-5	+/-1,973,833
Singapore dollar	24,788,290	10,991,997	+/-5	+/-1,789,014
South Korean won	331,093,592	2,065,104	+/-5	+/-16,657,935
Taiwan dollar	320,666,791	679,551	+/-5	+/-16,067,317
Thai baht	17,663,084	–	+/-5	+/-883,154
	<u>1,742,825,978</u>	<u>303,170,328</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	Total net foreign currency exposures		Percentage change %	Estimated impact on net assets US\$
	Non- monetary net assets US\$ equivalent	Monetary net assets US\$ equivalent		
As at 31 December 2019				
Australian dollar	–	198,199,189	+/-5	+/-9,909,959
Canadian dollar	–	41,364,889	+/-5	+/-2,068,244
Hong Kong dollar*	1,294,655,420	24,944,352	+/-0	–
Indonesian rupiah	90,456,100	54,165	+/-5	+/-4,525,513
Malaysian ringgit	30,934,879	171,253	+/-5	+/-1,555,307
New Zealand dollar	–	39,810,090	+/-5	+/-1,990,505
Pound sterling	1,116,361	46,945,108	+/-5	+/-2,403,073
Philippine peso	22,388,522	144,799	+/-5	+/-1,126,666
Renminbi	38,508,894	32,929,512	+/-5	+/-3,571,920
Singapore dollar	85,225,872	26,947,445	+/-5	+/-5,608,666
South Korean won	361,057,801	9,909	+/-5	+/-18,053,386
Taiwan dollar	348,509,512	28,712,396	+/-5	+/-18,861,095
Thai baht	22,612,869	1	+/-5	+/-1,130,644
	<u>2,295,466,230</u>	<u>440,233,108</u>		

* The Hong Kong dollar is currently linked to the United States dollar, the functional currency, within a narrow range, and is therefore not exposed to significant foreign exchange risk.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) *Price risk*

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Fund trade in financial instruments, taking positions in traded and over-the-counter instruments to take advantage of short-term market movements in the equity and bond markets within specified limits. The Fund is also subject to market price risk in relation to their investment of units in underlying funds, for prices in the future are uncertain.

The investment of equity securities, debt instruments and units in underlying funds are classified as financial assets at fair value through profit or loss in the statement of net assets.

All investments present a risk of loss of capital. The Manager moderate this risk through (i) a careful selection of securities and other financial instruments within specified limits, (ii) diversification of the investment portfolio whereby the maximum value of each Fund holding of securities issued by any single issuer may not exceed 10% of its total nets assets and (iii) deliberate investment funds selection. The market risk of investment in APIF are managed at the underlying fund level.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The Fund's overall market exposures at the reporting date were as follows:

	% of net assets	
	2020	2019
Financial assets at fair value through profit or loss		
Listed equity securities		
Australia	0.48	–
China	0.67	1.56
Hong Kong		
– H shares	19.24	17.10
– Red chips	5.72	6.93
– Others	25.84	28.36
Indonesia	2.02	3.67
Malaysia	–	1.25
Philippines	0.40	0.91
Singapore	1.20	3.41
South Korea	17.19	14.63
Taiwan	16.65	14.13
Thailand	0.92	0.92
The United States of America	5.54	–
	<u>95.87</u>	<u>92.87</u>
Listed investment funds	–	0.08
Quoted debt security		
The United States of America	0.00	0.00
	<u>–</u>	<u>–</u>
Participation notes	–	0.36
Listed equity warrants	–	0.47

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

	% of net assets	
	2020	2019
Financial assets at fair value through profit or loss		
(Continued)		
Unlisted equity security	–	–
Unlisted investment funds	6.08	4.59
Currency forwards	0.23	0.18
	<u>102.18</u>	<u>98.55</u>
Financial liabilities at fair value through profit or loss		
Currency forwards	(0.00)	(0.01)
	<u>102.18</u>	<u>98.54</u>

The table below shows the analysis of the net position of equity securities and derivatives on equity securities by industry.

	2020	2019
	%	%
Financials	12.38	20.79
Information technology	29.51	22.93
Industrials	10.27	12.25
Consumer discretionary	15.65	12.16
Utilities	3.42	4.65
Energy	–	0.53
Consumer staples	1.65	2.46
Communication services	8.65	3.10
Materials	2.65	0.75
Real estate	11.16	17.65
Health care	4.66	2.21
Others	–	0.09
REITs	–	0.43
	<u>100.00</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The Fund may sell securities of an issuer short. Short sales made by the Fund involve certain risks and special considerations. Possible losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.

The table below summarises the sensitivity of the Fund's portfolio of listed equity securities, equity derivatives and investment funds to equity price movements. The analysis is based on the assumptions that the MSCI Asia Pacific (ex-Japan) Index increased/decreased with all other variables held constant and that the fair value of the Fund's portfolio of listed equity securities and notional value of the Fund's derivatives moved according to their historical correlation with the index. The Manager does not manage price risk with reference to any market index. The index used below is for guidance and performance comparison purposes only.

	Percentage change		Estimated impact on net assets	
	2020	2019	2020	2019
	%	%	US\$	US\$
MSCI Asia Pacific (ex-Japan) Index	+/-30	+/-30	+/-546,626,841	+/-754,982,390

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates.

The table below summaries the Fund's financial assets and liabilities at the reporting date which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorised by remaining maturity dates.

	Less than 1 month	
	2020	2019
	US\$	US\$
Bank balances	23,944,532	47,600,883
Bank overdrafts	<u>(2,971,967)</u>	<u>(7,958,314)</u>
Total interest sensitivity gap	<u>20,972,565</u>	<u>39,642,569</u>

Any bank balances and overdrafts with brokers are placed/borrowed at short term market interest rate and the Manager considers that the Fund is not subject to significant amount of risk due to the stable and low fluctuation in the prevailing levels of market interest rates.

(b) Credit and counterparty risk

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges that the Manager considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. In a purchase, payment is made when the securities have been received by the broker. If either party fails to meet its obligation, the trade will fail.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The table below shows the exposures to major counterparties at the reporting date. The credit ratings are issued by Moody's.

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Counterparty		
Cash and margin deposit with banks and brokers		
Aa2	23,944,532	–
Aa3	–	47,600,883
A1	2,793	–
A3	–	2,779
Investments placed with custodian		
Aa2	1,967,942,508	–
Aa3	–	2,431,433,502
Amounts receivable on issue of units		
Unrated	2,509,020	2,912,252

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020 and 2019, all amounts receivable on sales of investments, amounts receivable on issue of units, dividends, interest receivables and other receivables, margin deposits and bank balances are held with counterparties with a credit rating of A1 or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The table below summarises the credit quality of the Fund's portfolio of debt securities at the reporting date. The credit ratings are issued by Moody's.

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Credit rating		
Unrated*	<u>3,916</u>	<u>3,916</u>
	<u>3,916</u>	<u>3,916</u>

* *In order to monitor the credit quality of the "Unrated" debt securities, the Manager, on the basis of internal research, prepares its own assessment. The Manager reviews the key financial metrics of the issue and structural features of the instruments and concludes these "Unrated" debt securities in general have a relatively low risk of default. The Manager considers there is no significant risk on the unrated debt securities at the reporting date. Refer to Note 4(d) for further details on defaulted debt securities. As at 31 December 2020 and 2019, the issuers of limited unrated debt securities were not rated by Moody's.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The table below analyses the Fund's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables below reflect captions of the statement of financial position items and shows how much of the net assets can be redeemed if the Manager does not exercise the 10% redemption gate.

	Less than 3 months	
	2020	2019
	<i>US\$</i>	<i>US\$</i>
Net assets attributable to unitholders	1,925,917,788	2,467,110,304
Amounts payable on purchase of investments	17,925,587	1,673,344
Amounts payable on redemption of units	11,074,129	14,123,900
Management fees and performance fees payable	42,338,673	2,662,241
Distribution payable	3,270,658	6,312,414
Bank overdrafts	2,971,967	7,958,314
Accruals and other payables	330,327	405,684
	<u>2,003,829,129</u>	<u>2,500,246,201</u>
Financial liabilities at fair value through profit or loss – derivatives	<u>25,498</u>	<u>138,751</u>

Disclosure is required whenever there is a master netting arrangement irrespective of whether any balances have actually been offset in accordance with IAS 32 "Financial Instruments: Presentation". As at 31 December 2020, the Fund was subject to one (2019: one) passive hedging arrangements with its derivative counterparties. The arrangement gives the Fund and the counterparties the legally enforceable right to set-off certain financial assets and liabilities.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The Fund and its counterparty have elected to settle all the financial assets and liabilities on a gross basis. Although, each party has the option to settle the financial assets and liabilities below on a net basis in the event of default of the other party. Accordingly, all the financial assets and liabilities has been recognised in the statement of financial position on a gross basis.

The following table presents the Fund's financial assets and liabilities eligible to offsetting had the Fund elected to enforce the master netting agreement and similar agreements at the reporting date. The amount to be offset is limited to the absolute value of financial assets or financial liabilities within the same counterparty.

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Financial assets		
Currency forwards	4,343,330	4,519,689
Financial liabilities		
Currency forwards	<u>(25,498)</u>	<u>(138,751)</u>
Net amount	<u><u>4,317,832</u></u>	<u><u>4,380,938</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Capital Management

The capital of the Fund is represented by the net assets attributable to unitholders which is subject to daily subscriptions and redemptions of redeemable units. The Fund's objective for capital management is to provide returns and long-term capital growth for unitholders.

In order to maintain the capital structure, the Manager performs the following:

- Monitor subscriptions and redemptions activities relative to liquid assets;
- To protect the interest of unitholders and in exceptional circumstances, the Manager may limit the total number of units redeemed on any redemption day to 10% in aggregate of the total number of units in issue; and
- Monitor fund investment guidelines and restrictions, in accordance with the Explanatory Memorandum.

The markets in which the Fund invests may be relatively illiquid and the liquidity of these markets may fluctuate substantially over time. Investment of the Fund's assets in relatively illiquid securities may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes. The risk of illiquidity also arises in the case of over-the-counter transactions. As at 31 December 2020 and 2019, the Manager considers that the amount of such illiquid investments is relatively insignificant compared to the net assets attributable to unitholders and the majority of the Fund's asset can be realised within 7 days or less to generate cash inflows for managing liquidity risk.

Below presents a list of investors who held more than 10% of the net assets of the Fund:

Investor	% of net assets
As at 31 December 2020	
Investor 1	19.64
Investor 2	10.43
As at 31 December 2019	
Investor 1	15.26

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at the reporting date.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 31 December 2020				
Financial assets at fair value through profit or loss				
Listed equity securities	1,846,432,534	–	–	1,846,432,534
Currency forwards	–	4,343,330	–	4,343,330
Unlisted investment funds	–	117,162,728	–	117,162,728
Quoted debt security	–	3,916	–	3,916
Unlisted equity security	–	–	–	–
	<u>1,846,432,534</u>	<u>121,509,974</u>	<u>–</u>	<u>1,967,942,508</u>
Financial liabilities at fair value through profit or loss				
Currency forwards	–	(25,498)	–	(25,498)
	<u>–</u>	<u>(25,498)</u>	<u>–</u>	<u>(25,498)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 31 December 2019				
Financial assets at fair value through profit or loss				
Listed equity securities	2,291,201,865	–	–*	2,291,201,865
Listed investment funds	2,003,300	–	–	2,003,300
Currency forwards	–	4,519,689	–	4,519,689
Participant notes	–	8,822,030	–	8,822,030
Listed equity warrants	11,524,588	–	6,582*	11,531,170
Unlisted investment funds	–	113,351,532	–	113,351,532
Quoted debt security	–	3,916	–	3,916
	<u>2,304,729,753</u>	<u>126,697,167</u>	<u>6,582</u>	<u>2,431,433,502</u>
Financial liabilities at fair value through profit or loss				
Currency forwards	–	(138,751)	–	(138,751)

* As at 31 December 2020, there was no listed equity security include investment (2019: one listed equity securities and one listed equity warrants) whose trading was suspended.

As at 31 December 2020, the fair value of one unlisted equity security and one unlisted investment fund (2019: one listed equity security and one unlisted investment fund) was fully marked to zero.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equity securities, listed investment funds and listed equity warrants. The Fund does not adjust the quoted price for these investments.

Financial instruments that are not traded in active markets and are valued based on quoted market prices or broker quotes, or financial instruments for which there is no active market and are valued based on valuation models supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they are traded infrequently.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The Manager considers that changes in the inputs to the valuation models would not have a significant effect on the net asset value of the Fund. No quantitative analysis has been presented. The table below summarises the key unobservable inputs adopted by the Manager in determining the fair value.

	Fair value US\$	Valuation technique	Unobservable inputs
As at 31 December 2020			
Equity security	–	Discounted last transacted price from over-the-counter market	Discount rate
As at 31 December 2019			
Equity security	–	Discounted last transacted price from over-the-counter market	Discount rate
Equity warrants	6,582	Last transacted price from over-the-counter market	–

There is no transfer between levels for the year ended 31 December 2020. The following table presents the transfers between levels for the year ended 31 December 2019.

	Level 1 US\$	Level 2 US\$	Level 3 US\$
2019			
Transfer between levels 1 and 3	(6,501)	–	6,501
Transfer between levels 2 and 3	–	410,775	(410,775)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The following tables present the movement in level 3 investments for the year. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Opening balance	6,582	574,872
Transfer from level 1 to level 3	–	6,501
Transfer from level 3 to level 2	–	(410,775)
Net losses recognised in profit and loss	<u>(6,582)</u>	<u>(164,016)</u>
Closing balance	<u>–</u>	<u>6,582</u>
Changes in unrealised gains/losses for the year included in the statement of comprehensive income for investments held at the end of the year	<u>(6,582)</u>	<u>(164,016)</u>

Other assets and liabilities are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(e) Derivative financial instruments

The Fund's derivative financial instruments at the reporting date are detailed as follows:

	Notional amount long/(short)	Fair value assets/ (liabilities) US\$
As at 31 December 2020		
Currency forwards	AUD200,901,320	2,644,749
Currency forwards	CAD45,796,867	355,157
Currency forwards	GBP27,562,528	576,735
Currency forwards	NZD43,498,752	613,119
Currency forwards	CNH179,900,072	63,547
Currency forwards	SGD14,092,369	90,023
Currency forwards	(AUD6,454,217)	(12,975)
Currency forwards	(CAD331,015)	(1,638)
Currency forwards	(GBP76,252)	(526)
Currency forwards	(NZD1,252,472)	(5,561)
Currency forwards	(CNH6,313,208)	(4,522)
Currency forwards	(SGD536,930)	(276)
		<hr/>
		4,317,832

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(e) Derivative financial instruments (Continued)

	Notional amount long/(short)	Fair value assets/ (liabilities) US\$
As at 31 December 2019		
Currency forwards	AUD296,061,698	2,770,845
Currency forwards	CAD54,128,331	323,847
Currency forwards	GBP35,224,453	379,622
Currency forwards	NZD60,223,868	651,595
Currency forwards	CNH232,947,271	217,546
Currency forwards	SGD32,858,945	176,234
Currency forwards	(AUD14,046,339)	(118,283)
Currency forwards	(CAD625,708)	(2,192)
Currency forwards	(GBP300,141)	(3,223)
Currency forwards	(NZD1,328,607)	(11,249)
Currency forwards	(CNH3,951,551)	(3,804)
Participation notes on China equities	RMB61,417,200	8,822,030
Equity warrants Singapore	SGD380,907	6,582
Equity warrants India	INR821,557,988	11,524,588
		<u>24,734,138</u>

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Unconsolidated structured entities consist of investments in investee funds which are subject to the terms and conditions of the respective investee funds' offering documents and are susceptible to market price risk arising from uncertainties about future values of those structured entities. The Manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager.

The Fund's holding in investee funds, as a percentage of the respective structured entity's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at structured entities level. It is possible that the Fund may, at any point in time, hold a majority of a structured entity's total shares in issue.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

The table below summaries the Fund's holdings in Investee Funds as at the reporting date:

Investee funds	Fund manager	% Ownership		Place of Incorporation	Dealing Frequency
		2020	2019		
Malabar India Fund Ltd ^Δ	Malabar Investments, LLC	22.18%	24.50%	Mauritius	Monthly*
Malabar Select Fund ^Δ	Malabar Investments, LLC	22.88%	23.57%	Mauritius	Monthly*
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund ^Δ	Value Partners Hong Kong Limited	99.81%	99.92%	Ireland	Daily* ^β
Value Partners Ireland Fund ICAV – Value Partners Global Emerging Market Equity Fund ^Δ	Value Partners Hong Kong Limited	–	99.65%	Ireland	Daily* ^β
Value Partners Strategic Equity Fund ^Δ	Value Partners Private Equity Limited	1.26%	1.26%	Cayman Islands	Suspended [#]
Maybank Greater China ASEAN Equity-I Fund ^Δ	Maybank Asset Management Sdn. Bhd.	–	61.20%	Malaysia	Daily*

* The manager of the Investee Funds also has the ability to limit daily redemptions and withhold the requested amount. Under extraordinary circumstances, the Manager of the Investee Funds also has the ability to suspend redemptions.

The redemption of Value Partners Strategic Equity Fund is suspended.

β On 8 May 2019, Value Partners Ireland Fund plc's name was changed to Value Partners Ireland Fund ICAV.

Δ The investment funds are not authorized in Hong Kong and not available to the public in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

Movements in the fair value of the Investee Funds' portfolio and corresponding movements in the fair value of the Investee Funds may expose the Fund to a loss. The Fund's maximum exposure to loss from its interests in structured entities is equal to the total fair value of its investments in structured entities. Once the Fund has disposed of its shares in a structured entity, the Fund ceases to be exposed to any risk from that structured entity.

The exposure to investments in Investee Funds at fair value is disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the statement of financial position.

	Fair value US\$	% of net assets
As at 31 December 2020		
Malabar India Fund Ltd Class 1 Shrs	58,342,674	3.03
Malabar Select Fund Class 1 – Standard Class	43,238,712	2.24
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V GBP Hedged Acc	775,171	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V GBP Hedged MDis	775,171	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V SGD Hedged Acc	784,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V SGD Hedged MDis	784,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V USD Unhedged Acc	775,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V USD Unhedged MDis	775,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class X USD Unhedged Acc	10,913,000	0.57
Value Partners Strategic Equity Fund	–	–
	<u>117,162,728</u>	<u>6.08</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

	Fair value US\$	% of net assets
As at 31 December 2019		
Malabar India Fund Ltd Class 1 Shrs	40,736,556	1.65
Malabar Select Fund Class 1 – Standard Class	39,742,394	1.61
Maybank Greater China ASEAN Equity-I Fund	3,096,600	0.13
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V GBP Hedged Acc Units	558,180	0.02
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V GBP Hedged MDis	558,180	0.02
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V SGD Hedged Acc Units	569,061	0.03
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V SGD Hedged MDis	569,061	0.02
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V USD Unhedged Acc Units	566,500	0.02
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V USD Unhedged MDis	566,500	0.02
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class X USD Unhedged Acc Units	7,959,000	0.32
Value Partners Ireland Fund ICAV – Value Partners Global Emerging Market Equity Fund Class V USD	18,429,500	0.75
Value Partners Strategic Equity Fund	–	–
	<u>113,351,532</u>	<u>4.59</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)**

Total purchases and total sales in structured entities during the year ended 31 December 2020 were US\$ nil and US\$17,415,767 (2019: US\$ nil and US\$28,437,636) respectively. As at 31 December 2020 there were no capital commitment obligations and no amounts due to structured entities for unsettled purchases (2019: nil and nil respectively).

During the year ended 31 December 2020, total net gain of US\$25,275,244 (2019: gain of US\$4,772,210) was incurred on investments in Investee Funds.

6 REDEEMABLE UNITS

Units of the Fund are issued in different classes. Class Z units are offered primarily for institutional investors. Class X units are offered for professional investors. The Manager intends to create Class P Acc RMB and Class P MDis RMB for subscription to investors in the People's Republic of China only. All units are subject to daily redemption. The management fees charged to each class of units are disclosed in note 7(a).

The Fund may enter into certain currency related transactions in order to hedge the currency exposure of the assets of the Fund attributable to a particular class into the class currency of the relevant class. Any financial instruments used to implement such strategies with respect to one or more classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant classes and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant class.

All classes of units are redeemable at the option of the unitholders and do not have identical features. The units can be put back to the Fund for cash equal to a proportionate share of the Fund's net asset value.

The Manager may, in accordance with the Trust Deed dated 7 August 2002 (as amended), determine to make a distribution out of the income and/or capital (including unrealised capital gains or other unrealised profits during the relevant financial year and undistributed net income and undistributed net realised capital gains or profits brought forward from previous financial years) of the Fund to unitholders. Investors should note that the payment of dividends out of capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to the original investment. Such distributions may result in an immediate reduction of the net asset value per unit of the Fund.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 REDEEMABLE UNITS (Continued)

The Manager may make distribution at its discretion for Class A1 units of the Fund. The Manager reviews the amount for dividend distribution once a year before determining whether dividends will be made. In respect of Class A2 MDis, Class A2 MDis HKD, Class A2 MDis AUD Hedged, Class A2 MDis CAD Hedged, Class A2 MDis GBP Hedged, Class A2 MDis NZD Hedged, Class A2 MDis RMB Hedged, Class A2 MDis RMB Unhedged and Class A2 MDis SGD Hedged, the Manager currently intends to make monthly dividends distribution to unitholders. In respect of Class A Acc RMB Hedged, Class A Acc RMB Unhedged, Class X Acc USD Unhedged and Class Z, the Manager currently does not intend to make dividends distribution to unitholders. However, the Manager may consider not making distributions for the relevant class in any financial year, in its absolute discretion. Where distributions are made, the amount available for distribution in respect of each financial year will be determined and declared at such date(s) the Manager may, with the prior consent of the Trustee, determine.

Number of units in issue

All issued units are fully paid and have no par value. Each unit carries one vote.

Number of units and the net asset value per unit at the reporting date was as follows:

	2020	2019
Number of units		
Class A1 USD	7,755,208	9,691,588
Class A Acc RMB Hedged	1,009,897	1,482,752
Class A Acc RMB Unhedged	90,989	189,576
Class A2 MDis USD	41,410,602	65,228,879
Class A2 MDis HKD	200,880,646	326,979,435
Class A2 MDis AUD Hedged	20,882,651	30,282,243
Class A2 MDis CAD Hedged	4,425,209	5,643,627
Class A2 MDis GBP Hedged	2,825,769	3,895,730
Class A2 MDis NZD Hedged	4,292,372	6,097,145
Class A2 MDis RMB Hedged	14,817,240	22,013,967
Class A2 MDis RMB Unhedged	1,570,485	950,822
Class A2 MDis SGD Hedged	1,293,547	3,157,712
Class P MDis RMB	13,197	–
Class P MDis RMB Hedged	13,031	–
Class P Acc RMB	53,690	–
Class P Acc RMB Hedged	261,102	–
Class X Acc USD Unhedged	197,707	599,786
Class Z	531,943	1,292,713

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6 REDEEMABLE UNITS (Continued)****Number of units in issue (Continued)**

	2020	2019
Net asset value per unit		
Class A1	USD107.04	USD94.00
Class A Acc RMB Hedged	RMB15.43	RMB13.51
Class A Acc RMB Unhedged	RMB17.05	RMB15.79
Class A2 MDis USD	USD11.95	USD11.01
Class A2 MDis HKD	HKD10.91	HKD10.10
Class A2 MDis AUD Hedged	AUD9.92	AUD9.33
Class A2 MDis CAD Hedged	CAD10.29	CAD9.56
Class A2 MDis GBP Hedged	GBP9.73	GBP9.04
Class A2 MDis NZD Hedged	NZD10.32	NZD9.67
Class A2 MDis RMB Hedged	RMB10.38	RMB9.59
Class A2 MDis RMB Unhedged	RMB10.49	RMB10.23
Class A2 MDis SGD Hedged	SGD11.32	SGD10.49
Class P MDis RMB	RMB11.8607	–
Class P MDis RMB Hedged	RMB13.1000	–
Class P Acc RMB	RMB12.4117	–
Class P Acc RMB Hedged	RMB13.4544	–
Class X Acc USD Unhedged	USD18.46	USD15.67
Class Z	USD17.18	USD15.18

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS

The following is a summary of significant related party transactions/transactions entered into during the period between the Fund and the Trustee, the Manager and their connected persons. Connected persons of the Trustee and the Manager are those as defined in the Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

The Manager is entitled to receive a management fee which represents 1.25% per annum of that portion of the net asset value of the Fund attributable to Class A1 units and Class A2 units and 0.75% per annum of that portion of the net asset value of the Fund attributable to Class Z units. No management fee is charged on Class X units. The management fee is calculated and accrued daily and payable monthly in arrears.

(b) Performance fee

The Manager is entitled to receive a performance fee which represents 15% of the product of the average number of units in issue during the year and the amount by which the net asset value per unit as at 31 December of each year (the "performance fee valuation day") before accrual of performance fee and including any dividend distribution declared or paid in respect of the relevant performance periods exceeds the higher of (i) the net asset value per unit of that class on the date of the initial issue of units and (ii) the highest value for the net asset value per unit as at the performance fee valuation day for any preceding year in which a performance fee was last calculated and paid (after payment of the performance fee and dividend distribution). The performance fee is calculated at the reporting date and payable yearly in arrears.

(c) Trustee fee

The Trustee is entitled to receive a trustee fee which represents a variable fee of (i) 0.17% per annum on the first US\$400 million of the net asset value of the Fund; (ii) 0.15% per annum on the next US\$400 million of the net asset value of the Fund; and (iii) 0.13% per annum thereafter, subject to a minimum of US\$4,000 per month. The variable fee is calculated and accrued daily and payable monthly in arrears.

The Trustee is also entitled to a fixed fee of US\$3,000 per annum payable quarterly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(d) Manager's and its related parties' holding in the Fund and entitled to profit from transactions in units

The Manager and its related parties held units of the Fund and entitled to profit/(loss) from transactions in units as follows:

	As at 1 January	Issue of units	Redemption of units	As at 31 December	Loss from the transactions US\$
Year 2020					
Class A1					
Director of the Manager	213,642	–	–	213,642	–
Spouse of a director of the Manager	16,264	–	–	16,264	–
Value Partners Limited*	–	26	(26)	–	–
Class A2 MDIs HKD					
Director of the Manager	1,984,816	98,020	–	2,082,836	–
Value Partners Limited*	10,950	541	–	11,491	–
Class A2 MDIs AUD Hedged					
Value Partners Limited*	1,492	68	–	1,560	–
Class A2 MDIs CAD Hedged					
Value Partners Limited*	1,385	66	–	1,451	–
Class A2 MDIs NZD Hedged					
Value Partners Limited*	1,489	71	–	1,560	–
Class X Acc USD Unhedged					
Value Partners Limited*	7,783	840	(6,569)	2,054	(63,264)

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(d) Manager's and its related parties' holding in the Fund and entitled to profit from transactions in units (Continued)

	As at 1 January	Issue of units	Redemption of units	As at 31 December	Profit/(loss) from the transactions US\$
Year 2019					
Class A1					
Director of the Manager	180,460	33,182	–	213,642	–
Spouse of a director of the Manager	16,264	–	–	16,264	–
Class A2 MDis HKD					
Director of the Manager	1,873,744	111,072	–	1,984,816	–
Value Partners Limited*	10,338	612	–	10,950	–
Class A2 MDis AUD Hedged					
Value Partners Limited*	1,411	81	–	1,492	–
Class A2 MDis CAD Hedged					
Value Partners Limited*	1,315	70	–	1,385	–
Class A2 MDis NZD Hedged					
Value Partners Limited*	1,408	81	–	1,489	–
Class X Acc USD Unhedged					
Value Partners Limited*	–	7,783	–	7,783	–

* Value Partners Limited is the wholly owned subsidiary of the Manager.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)****(e) Preliminary charges**

The Manager is entitled to receive a preliminary charge on issue of units which represents up to 5% of the issue price. For the year ended 31 December 2020, total preliminary charges on issue of units, amounting to US\$1,917,282 (2019: US\$5,759,905), were received by the Manager. The preliminary charges are not reflected in the financial statements of the Fund.

(f) Investment in funds managed by a related party of the Manager or its related party

During the years ended 31 December 2020 and 2019, the Fund invested in other funds, which are also managed by the Manager and its related party. Refer to Note 5 for further details.

In accordance with the Fund's Explanatory Memorandum, the managers of these funds have waived the management fees payable by the Fund by refunding the relevant fees to the Fund, which is included in the statement of comprehensive income as "other income". For the year ended 31 December 2020, the waived management fees are amounted to US\$26,493 (2019: US\$49,799).

(g) Cross trades with funds managed by the Manager's and related parties

During the year ended 31 December 2020 and 2019, the Fund did not have transacted with other funds which are also managed by the Manager and/or its associates.

(h) Other transactions and balances with the Trustee and its related parties

In addition to trustee fee of US\$2,741,644 (2019: US\$3,535,159), as disclosed in Note 7(c), the Fund had the following additional transactions with the Trustee and its related parties which also serve as a distributor of the Fund and nominees for the Fund's investors. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(h) Other transactions and balances with the Trustee and its related parties (Continued)

	2020 US\$	2019 US\$
Interest income	121,655	306,684
Transaction costs*	(257,074)	(172,441)
Safe custody and bank charges	(429,096)	(512,967)
Annual service fee	(5,203)	(5,290)
Interest expense	<u>(265,089)</u>	<u>(1,145,366)</u>

* *The Fund paid commission to the related parties of the Trustee for the purchases and sales of investments during the years ended 31 December 2020 and 2019 were as follows:*

	2020 US\$	2019 US\$
The Hongkong and Shanghai Banking Corporation Limited		
Total commission paid	229,354	124,384
The total aggregate value of the purchases and sales	161,333,781	78,000,543
Average rate of commission	0.14%	0.16%
% of transactions to the total purchases and sales of the Fund	<u>3.36%</u>	<u>2.45%</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(h) Other transactions and balances with the Trustee and its related parties (Continued)

In addition to trust fee payable of US\$231,565 (2019: US\$297,785), as disclosed in Note 7(c), the Fund had the following additional balances with the Trustee and its related parties.

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Bank balance	23,944,532	47,600,883
Bank overdraft	(2,971,967)	(7,958,314)
Interest income receivable	6	625
Transaction costs payable	(4,052)	(8,923)
Annual service fee payable	(1,000)	(1,000)
Interest expense payable	(256)	(1,001)
	<u> </u>	<u> </u>

During the year ended 31 December 2020 and 2019, the Fund entered into currency forwards contracts with The Hong Kong and Shanghai Banking Corporation Limited, a connected person of the Trustee, with realised gain amounting to US\$15,569,229 (2019: realised loss amounting to US\$9,002,981). As at 31 December 2020, the Fund held the outstanding currency forwards contracts as financial assets US\$4,343,330 (2019: US\$4,519,689) and financial liabilities US\$25,498 (2019: US\$138,751) respectively with Hong Kong and Shanghai Banking Corporation Limited.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 TAXATION

(a) Cayman Islands

The Fund has obtained an undertaking from the Governor-in-Council of the Cayman Islands that, in accordance with Section 81 of the Trusts Law (2001 Revision) of the Cayman Islands, for a period of 50 years from 27 August 2002, no laws thereafter enacted in the Cayman Islands imposing any tax or duty on income, capital assets, gains or appreciations will apply to the Fund.

(b) Hong Kong

No provision for Hong Kong profits tax has been made as the dividend and interest income and realised gains on sales of investments of the Fund are excluded from the charge to profits tax under Section 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance.

(c) People's Republic of China ("PRC")

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

The Fund invests in various derivative instruments linked to "A" shares of companies listed in the PRC. Prior to 17 November 2014, a 10% tax was withheld by the relevant Qualified Foreign Institutional Investors ("QFIIs") on all PRC sourced dividends and realised capital gains. With effect from 17 November 2014, a 10% tax is only withheld on all PRC sourced dividends.

(d) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the years ended 31 December 2020 and 2019.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 TRANSACTION COST

During the year ended 31 December 2020 and 2019, following transaction costs were incurred by the Fund.

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Brokerage Fee	6,242,649	4,117,242
Other transaction costs	5,497,972	3,360,224
Transaction Handling Fee	27,720	48,058
	<u>11,768,341</u>	<u>7,525,524</u>

10 DISTRIBUTION TO UNITHOLDERS

In accordance with the Explanatory Memorandum of the Fund, the Manager may determine to make a distribution out of the income and/or capital. The table below summarises the dividend distribution made during the reporting period. The distribution is included in the statement of comprehensive income.

	2020	2019
	<i>US\$</i>	<i>US\$</i>
Undistributed income at the beginning of the year	–	–
Profit after tax and before distributions	216,101,922	358,891,997
Distributions to unitholders	(52,862,123)	(88,848,568)
Undistributed income transferred to net assets attributable to unitholders for the year	<u>(163,239,799)</u>	<u>(270,043,429)</u>
Undistributed income carried forward at the ending of the year	<u>–</u>	<u>–</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 DISTRIBUTION TO UNITHOLDERS (Continued)

The table below summarises the dividend distribution made during the reporting period.

Classes	2020	2019	Frequency	Ex-dividend dates*
Class A2 MDis USD	USD0.0468	USD0.0514	Monthly	Last business day of January to April
Class A2 MDis USD	USD0.0367	USD0.0514	Monthly	Last business day of May to June
Class A2 MDis USD	USD0.0360	USD0.0514	Monthly	Last business day of July to September
Class A2 MDis USD	USD0.0360	USD0.0468	Monthly	Last business day of October to December
Class A2 MDis HKD	HKD0.0432	HKD0.0475	Monthly	Last business day of January to April
Class A2 MDis HKD	HKD0.0335	HKD0.0475	Monthly	Last business day of May to June
Class A2 MDis HKD	HKD0.0329	HKD0.0475	Monthly	Last business day of July to September
Class A2 MDis HKD	HKD0.0329	HKD0.0432	Monthly	Last business day of October to December
Class A2 MDis AUD Hedged	AUD0.0338	AUD0.0444	Monthly	Last business day of January to March
Class A2 MDis AUD Hedged	AUD0.0338	AUD0.0430	Monthly	Last business day of April
Class A2 MDis AUD Hedged	AUD0.0305	AUD0.0430	Monthly	Last business day of May to June
Class A2 MDis AUD Hedged	AUD0.0298	AUD0.0430	Monthly	Last business day of July to September
Class A2 MDis AUD Hedged	AUD0.0298	AUD0.0338	Monthly	Last business day of October to December
Class A2 MDis CAD Hedged	CAD0.0387	CAD0.0409	Monthly	Last business day of January to March
Class A2 MDis CAD Hedged	CAD0.0387	CAD0.0397	Monthly	Last business day of April
Class A2 MDis CAD Hedged	CAD0.0310	CAD0.0397	Monthly	Last business day of May to June
Class A2 MDis CAD Hedged	CAD0.0302	CAD0.0397	Monthly	Last business day of July to September
Class A2 MDis CAD Hedged	CAD0.0302	CAD0.0387	Monthly	Last business day of October to December
Class A2 MDis GBP Hedged	GBP0.0299	GBP0.0321	Monthly	Last business day of January to March
Class A2 MDis GBP Hedged	GBP0.0299	GBP0.0305	Monthly	Last business day of April
Class A2 MDis GBP Hedged	GBP0.0286	GBP0.0305	Monthly	Last business day of May to June
Class A2 MDis GBP Hedged	GBP0.0282	GBP0.0305	Monthly	Last business day of July to September
Class A2 MDis GBP Hedged	GBP0.0282	GBP0.0299	Monthly	Last business day of October to December
Class A2 MDis NZD Hedged	NZD0.0373	NZD0.0468	Monthly	Last business day of January to March
Class A2 MDis NZD Hedged	NZD0.0373	NZD0.0436	Monthly	Last business day of April
Class A2 MDis NZD Hedged	NZD0.0324	NZD0.0436	Monthly	Last business day of May to June
Class A2 MDis NZD Hedged	NZD0.0322	NZD0.0436	Monthly	Last business day of July to September
Class A2 MDis NZD Hedged	NZD0.0322	NZD0.0373	Monthly	Last business day of October to December
Class A2 MDis RMB Hedged	RMB0.0456	RMB0.0594	Monthly	Last business day of January to March
Class A2 MDis RMB Hedged	RMB0.0456	RMB0.0542	Monthly	Last business day of April
Class A2 MDis RMB Hedged	RMB0.0383	RMB0.0542	Monthly	Last business day of May to June
Class A2 MDis RMB Hedged	RMB0.0386	RMB0.0542	Monthly	Last business day of July to September
Class A2 MDis RMB Hedged	RMB0.0386	RMB0.0456	Monthly	Last business day of October to December
Class A2 MDis RMB Unhedged	RMB0.0444	RMB0.0436	Monthly	Last business day of January to March
Class A2 MDis RMB Unhedged	RMB0.0444	RMB0.0481	Monthly	Last business day of April
Class A2 MDis RMB Unhedged	RMB0.0352	RMB0.0481	Monthly	Last business day of May to June

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 DISTRIBUTION TO UNITHOLDERS (Continued)

Classes	2020	2019	Frequency	Ex-dividend dates*
Class A2 MDis RMB Unhedged	RMB0.0336	RMB0.0481	Monthly	Last business day of July to September
Class A2 MDis RMB Unhedged	RMB0.0336	RMB0.0444	Monthly	Last business day of October to December
Class A2 MDis SGD Hedged	SGD0.0425	SGD0.0415	Monthly	Last business day of January to March
Class A2 MDis SGD Hedged	SGD0.0425	SGD0.0436	Monthly	Last business day of April
Class A2 MDis SGD Hedged	SGD0.0343	SGD0.0436	Monthly	Last business day of May to June
Class A2 MDis SGD Hedged	SGD0.0335	SGD0.0436	Monthly	Last business day of July to September
Class A2 MDis SGD Hedged	SGD0.0335	SGD0.0425	Monthly	Last business day of October to December
Class P MDis RMB	RMB0.0394	–	Monthly	Last business day of July to December
Class P MDis RMB Hedged	RMB0.0496	–	Monthly	Last business day of July to December

* Last business day of each month in 2020 are 31 January 2020, 28 February 2020, 31 March 2020, 29 April 2020, 29 May 2020, 30 June 2020, 31 July 2020, 31 August 2020, 30 September 2020, 30 October 2020, 30 November 2020 and 31 December 2020.

Last business day of each month in 2019 are 31 January 2019, 28 February 2019, 29 March 2019, 30 April 2019, 31 May 2019, 28 June 2019, 31 July 2019, 30 August 2019, 30 September 2019, 31 October 2019, 29 November 2019 and 31 December 2019.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SOFT DOLLAR ARRANGEMENTS

The Manager and/or any company associated with it and its delegates may enter into soft dollars/ commission sharing arrangements with brokers through which brokerage transactions are entered on behalf of clients under management. The Manager may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Fund (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (the "brokers"). Soft dollars may be received from them provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of the customary full-service brokerage rates.

Such soft dollar benefits may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services and software incidental to the above goods and services; clearing and custodian services and investment related publications. For the avoidance of doubt, soft dollar benefits do not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Manager will consider many judgemental factors deemed relevant in determining whether a broker will provide best execution. In general, investment orders will be allocated to brokers based on the range and overall quality of services offered by the broker. The core factors in determining the quality of services are the execution performance and capability of the broker. Other factors, such as the quality and quantity of research and investment ideas offered, access to potential investee companies and commission rate charges, would also be taken into consideration. Soft dollar benefits received from brokers should not be a determinant factor on allocating orders among brokers. The Manager has implemented policies and procedures to ensure that transactions executed with brokers pursuant to a soft dollar commission sharing arrangement are conducted in the best execution standard. Soft dollars benefits received by the Manager are used to facilitate in the Manager's investment management process, such benefits assist the Manager in fulfilling its overall duty to clients and may be used in servicing any or all of the Manager's client accounts over which the Manager exercises investment discretion. The Manager does not usually attempt to allocate/ attribute the soft dollar benefits to individual client account, as goods and services obtained may be beneficial to all clients in general, including those client accounts that do not generate credit to acquire the soft dollar benefits.

For the year ended 31 December 2020, the Fund Manager obtained research and advisory services; economic and political analysis; portfolio and market analysis, data and quotation services and software incidental to the above goods and services; and investment related publications through soft dollar arrangements valued at US\$1,854,950,424 (2019: US\$1,341,623,870). Commission which amounted to US\$2,960,234 (2019: US\$2,188,324) is paid from the Fund on these transactions.

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 22 April 2021.

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 DECEMBER 2020

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
Australia			
Qantas Airways Ltd	2,504,500	9,363,380	0.48
China			
Suzhou Gold Mantis Construction Decoration Co Ltd A Shares (SZHK)	8,938,506	12,829,509	0.67
Hong Kong - H Shares			
China Construction Bank Corp H Shares	94,930,000	72,135,631	3.75
China Life Insurance Co Ltd H Shares	20,810,000	45,909,150	2.38
China Longyuan Power Group Corp Ltd H Shares	39,121,000	39,215,885	2.04
China Machinery Engineering Corp H Shares	18,168,000	4,804,985	0.25
China Merchants Bank Co Ltd H Shares	5,281,000	33,384,379	1.73
China Railway Construction Corp Ltd H Shares	19,376,500	10,599,180	0.55
China Railway Group Ltd H Shares	18,013,000	7,947,732	0.41
China Telecom Corp Ltd H Shares	122,098,000	33,867,104	1.76
Guangzhou Automobile Group Co Ltd H Shares	14,518,000	16,145,263	0.84
Jinke Smart Services Group Co Ltd H Shares	2,013,300	16,207,803	0.84
Qilu Expressway Co Ltd H Shares	24,541,000	5,540,658	0.29
Qingdao Port International Co Ltd H Shares	65,089,000	40,222,973	2.09
Sinopharm Group Co Ltd H Shares	15,774,000	38,380,849	1.99
Zhejiang Expressway Co Ltd H Shares	7,326,000	6,190,693	0.32
		370,552,285	19.24
Hong Kong - Red Chips			
China Resources Land Ltd	10,658,000	44,000,413	2.28
China Resources Power Holdings Co Ltd	22,254,507	23,973,725	1.25
China State Construction International Holdings Ltd	21,238,000	12,110,636	0.63
Far East Horizon Ltd	17,538,000	18,078,313	0.94
Yuexiu Transport Infrastructure Ltd	17,612,000	11,997,028	0.62
		110,160,115	5.72

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Hong Kong - Others</i>			
China Education Group Holdings Ltd	14,672,000	28,279,451	1.47
China Lilang Ltd	13,505,000	9,216,824	0.48
China Yongda Automobiles Services Holdings Ltd	43,714,000	72,300,222	3.75
Chinasoft International Ltd	7,210,000	8,046,044	0.42
CIFI Holdings (Group) Co Ltd	50,824,034	43,078,995	2.24
CSI Properties Ltd	412,090,000	12,440,533	0.65
Far East Consortium International Ltd	76,994,162	28,607,595	1.48
Haitian International Holdings Ltd	13,785,000	47,662,039	2.47
HKBN Ltd	24,077,500	37,275,519	1.94
Innovent Biologics Inc	2,022,500	21,409,088	1.11
Johnson Electric Holdings Ltd	9,257,000	22,929,920	1.19
KWG Group Holdings Ltd	10,844,000	14,801,517	0.77
KWG Living Group Holdings Ltd	6,271,000	5,096,927	0.26
Lee & Man Chemical Co Ltd	25,986,000	11,666,746	0.61
Longfor Group Holdings Ltd	899,500	5,268,513	0.27
Meituan	597,000	22,690,190	1.18
Nine Dragons Paper Holdings Ltd	10,288,000	14,600,062	0.76
SITC International Holdings Co Ltd	2,588,000	5,589,215	0.29
SSY Group Ltd	18,198,000	10,330,168	0.54
Tencent Holdings Ltd	689,900	50,199,143	2.61
Times China Holdings Ltd	8,998,000	12,513,990	0.65
TK Group (Holdings) Ltd	42,064,000	13,566,932	0.70
		<u>497,569,633</u>	<u>25.84</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
Indonesia			
Acset Indonusa Tbk PT	38,551,800	1,221,004	0.07
Bank Central Asia Tbk PT	4,521,600	11,017,181	0.57
Bekasi Fajar Industrial Estate Tbk PT	555,000,000	7,190,932	0.37
Link Net Tbk PT	60,694,000	10,528,888	0.55
Telekomunikasi Indonesia Persero Tbk PT	37,352,000	8,899,417	0.46
		38,857,422	2.02
Philippines			
Security Bank Corp	2,772,390	7,731,535	0.40
Singapore			
Ascendas India Trust	9,116,700	9,520,637	0.49
First Resources Ltd	6,694,100	6,484,126	0.34
UOL Group Ltd	1,236,700	7,215,526	0.37
		23,220,289	1.20

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
South Korea			
BH Co Ltd	307,550	6,211,531	0.32
Handsome Co Ltd	238,059	6,626,106	0.34
Hansol Chemical Co Ltd	125,657	22,719,440	1.18
Hugel Inc	91,949	15,888,796	0.82
Korea Investment Holdings Co Ltd	550,672	40,028,422	2.08
KT&G Corp	208,691	15,957,069	0.83
Mando Corp	78,498	4,247,020	0.22
NAVER Corp	70,515	18,978,233	0.99
Samsung Electronics Co Ltd - Preference Shares	2,668,535	180,717,041	9.38
SK Hynix Inc	78,676	8,578,454	0.45
Tokai Carbon Korea Co Ltd	96,637	11,141,480	0.58
		<u>331,093,592</u>	<u>17.19</u>
Taiwan			
Elan Microelectronics Corp	4,511,000	21,441,946	1.11
Genius Electronic Optical Co Ltd	982,000	19,824,610	1.03
Gold Circuit Electronics Ltd	5,600,000	10,069,074	0.52
MediaTek Inc	783,000	20,825,358	1.08
Taiwan Semiconductor Manufacturing Co Ltd	7,807,000	147,322,865	7.65
Taiwan Surface Mounting Technology Corp	4,397,000	20,195,578	1.05
Taiwan Union Technology Corp	3,053,000	13,152,923	0.68
United Microelectronics Corp	25,320,000	42,506,516	2.21
Zhen Ding Technology Holding Ltd	6,240,000	25,327,921	1.32
		<u>320,666,791</u>	<u>16.65</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Thailand</i>			
Digital Telecommunications Infrastructure Fund	22,200,700	9,565,432	0.50
Osotspa PCL	6,829,400	<u>8,097,652</u>	<u>0.42</u>
		17,663,084	0.92
<i>The United States of America</i>			
Pinduoduo Inc ADR	372,590	66,198,065	3.44
Vipshop Holdings Ltd ADR	1,441,723	<u>40,526,834</u>	<u>2.10</u>
		106,724,899	5.54
Quoted debt security			
<i>The United States of America</i>			
LDK Solar Co Ltd BR Conv 5.535% 12/31/2018	2,427,482	<u>3,916</u>	<u>0.00</u>
Unlisted equity security			
<i>Hong Kong</i>			
Real Gold Mining Ltd	4,283,500	<u>—</u>	<u>—</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Unlisted investment funds			
Malabar India Fund Ltd Class 1 Shrs*	22,622	58,342,674	3.03
Malabar Select Fund Class 1 – Standard Class*	35,775	43,238,712	2.24
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V GBP Hedged Acc*	38,555	775,171	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V GBP Hedged MDis*	38,555	775,171	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V SGD Hedged Acc*	68,565	784,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V SGD Hedged MDis*	68,565	784,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V USD Unhedged Acc*	50,000	775,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class V USD Unhedged MDis*	50,000	775,000	0.04
Value Partners Ireland Fund ICAV – Value Partners Asia ex-Japan Equity Fund Class X USD Unhedged Acc*	700,000	10,913,000	0.57
Value Partners Strategic Equity Fund*	189,480	—	—
		<u>117,162,728</u>	<u>6.08</u>
Currency forwards		<u>4,343,330</u>	<u>0.23</u>
Total financial assets at fair value through profit or loss		<u>1,967,942,508</u>	<u>102.18</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

	Holdings	Fair value US\$	% of net assets
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Currency forwards		<u>(25,498)</u>	<u>(0.00)</u>
Total financial liabilities at fair value through profit or loss		<u>(25,498)</u>	<u>(0.00)</u>
Total investments, net		<u>1,967,917,010</u>	<u>102.18</u>
Total investments, at cost (inclusive of transaction cost)		<u>1,661,244,579</u>	

* *The investment funds are not authorized in Hong Kong and not available to the public in Hong Kong.*

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2020

	% of net assets	
	2020	2019
Listed equity securities		
Australia	0.48	–
China	0.67	1.56
Hong Kong		
– H shares	19.24	17.10
– Red chips	5.72	6.93
– Others	25.84	28.36
Indonesia	2.02	3.67
Malaysia	–	1.25
Philippines	0.40	0.91
Singapore	1.20	3.41
South Korea	17.19	14.63
Taiwan	16.65	14.13
Thailand	0.92	0.92
The United States of America	5.54	–
	<u>95.87</u>	<u>92.87</u>
Listed investment fund	–	0.08
Quoted debt security		
The United States of America	<u>0.00</u>	<u>0.00</u>
Participation notes	–	0.36
Listed equity warrants	–	0.47
Unlisted equity security	–	–
Unlisted investment funds	6.08	4.59
Currency forwards	<u>0.23</u>	<u>0.17</u>
Total investments, net	<u>102.18</u>	<u>98.54</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

DETAILS IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS (UNAUDITED)

AS AT 31 DECEMBER 2020

The Fund's derivative financial instruments at the reporting date are detailed below:

Financial assets:

Currency forwards

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
USD	53,661	AUD	70,463	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	670
USD	152,208,903	AUD	200,830,857	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	2,644,079
USD	34,223,389	CAD	44,048,855	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	354,495
USD	8,867	CAD	11,349	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	42
USD	1,362,641	CAD	1,736,663	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	621
USD	14,061	GBP	10,408	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	168
USD	48,025	GBP	35,425	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	405
USD	35,622,227	GBP	26,476,955	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	574,511
USD	1,413,058	GBP	1,034,740	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	1,539
USD	6,723	GBP	5,000	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	112
USD	142,184	NZD	199,340	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	1,807

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

DETAILS IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

Financial assets (Continued):

Currency forwards (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
USD	30,634,536	NZD	43,255,556	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	610,668
USD	31,035	NZD	43,856	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	644
USD	7,471	SGD	9,918	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	34
USD	10,566,984	SGD	14,082,451	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	89,989
USD	24,385,247	CNH	159,352,274	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	56,175
USD	2,281,839	CNH	14,911,318	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	5,257
USD	6,377	CNH	41,742	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	25
USD	15,358	CNH	100,311	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	27
USD	16,259	CNH	106,236	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	35
USD	12,158	CNH	79,501	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	36
USD	3,419	CNH	22,323	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	5

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

**DETAILS IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS
(UNAUDITED) (Continued)**

AS AT 31 DECEMBER 2020

Financial assets (Continued):

Currency forwards (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
USD	2,095	CNH	13,661	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	1
USD	774,864	CNH	5,064,265	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	1,892
USD	5,886	CNH	38,577	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	31
USD	781	CNH	5,100	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	1
USD	92	CNH	600	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	0
USD	229	CNH	1,500	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	1
USD	313	CNH	2,046	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	0
USD	184	CNH	1,200	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	0
USD	23,934	CNH	156,428	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	58
USD	458	CNH	3,000	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	2
						<u>4,343,330</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

DETAILS IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

Financial liabilities:

Currency forwards

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
AUD	22,025	USD	16,733	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(250)
AUD	87,009	USD	65,849	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(1,240)
AUD	75,262	USD	57,224	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(808)
AUD	76,035	USD	58,165	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(462)
AUD	337,959	USD	255,463	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(5,124)
AUD	27,959	USD	21,257	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(301)
AUD	637,833	USD	487,924	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(3,884)
CAD	331,015	USD	258,205	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(1,639)
CNH	3,861,746	USD	590,425	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(1,889)
CNH	185,621	USD	28,421	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(49)
CNH	6,900,073	USD	1,057,748	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(584)
CNH	312,356	USD	47,651	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(258)

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

DETAILS IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

Financial liabilities (Continued):

Currency forwards (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
CNH	208,278	USD	31,823	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(122)
CNH	220,894	USD	33,813	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(68)
CNH	304,451	USD	46,548	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(149)
CNH	214,517	USD	32,845	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(57)
CNH	287,110	USD	44,013	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(24)
CNH	605,621	USD	92,390	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(500)
CNH	105	USD	16	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(0)
CNH	37	USD	6	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(0)
CNH	10	USD	2	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(0)
CNH	5,638	USD	864	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(0)
CNH	123	USD	19	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(0)
GBP	76,252	USD	103,719	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(526)

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

DETAILS IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2020

Financial liabilities (Continued):

Currency forwards (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
NZD	33,622	USD	23,902	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(384)
NZD	123,118	USD	87,139	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(1,794)
NZD	177,964	USD	126,904	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(1,646)
NZD	559	USD	402	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(3)
NZD	101,406	USD	72,798	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(452)
USD	5,952,191	AUD	7,718,300	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(905)
USD	1,221,416	NZD	1,689,141	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(1,283)
USD	949,256	CNH	6,184,054	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(747)
USD	406,601	SGD	536,930	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(276)
USD	92,414	CNH	602,044	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(73)
USD	1,115	CNH	7,265	29th January 2021	Hong Kong and Shanghai Banking Corporation Limited	(1)
						<u>(25,498)</u>

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

The lowest, highest and average gross exposure arising from the use of derivative financial instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2020 and 2019.

	2020	2019
Lowest gross exposure	8.31%	9.08%
Highest gross exposure	54.15%	51.82%
Average gross exposure	22.89%	23.29%

The lowest, highest and average net exposure arising from the use of derivative financial instruments for investment purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2020 and 2019.

	2020	2019
Lowest net exposure	–	–
Highest net exposure	–	–
Average net exposure	–	–

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

PERFORMANCE RECORD (UNAUDITED)

Net assets (at last traded price)

	2020	2019	2018
Net assets	US\$1,925,917,788	US\$2,467,110,304	US\$2,548,544,757
Net asset value per unit			
Class A1 USD	USD107.04	USD94.00	USD81.80
Class A Acc RMB Hedged	RMB15.43	RMB13.51	RMB11.79
Class A Acc RMB Unhedged	RMB17.05	RMB15.79	RMB13.83
Class A2 MDis USD	USD11.95	USD11.01	USD10.14
Class A2 MDis HKD	HKD10.91	HKD10.10	HKD9.36
Class A2 MDis AUD Hedged	AUD9.92	AUD9.33	AUD8.69
Class A2 MDis CAD Hedged	CAD10.29	CAD9.56	CAD8.85
Class A2 MDis GBP Hedged	GBP9.73	GBP9.04	GBP8.38
Class A2 MDis NZD Hedged	NZD10.32	NZD9.67	NZD8.99
Class A2 MDis RMB Hedged	RMB10.38	RMB9.59	RMB8.96
Class A2 MDis RMB Unhedged	RMB10.49	RMB10.23	RMB9.38
Class A2 MDis SGD Hedged	SGD11.32	SGD10.49	SGD9.70
Class P MDis RMB	RMB11.8607	–	–
Class P MDis RMB Hedged	RMB13.1000	–	–
Class P Acc RMB	RMB12.4117	–	–
Class P Acc RMB Hedged	RMB13.4544	–	–
Class X Acc USD Unhedged	USD18.46	USD15.67	USD13.47
Class Z	USD17.18	USD15.18	USD13.14

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years

	Highest issue price per unit								
	Class A1	Class A	Class A	Class A2	Class A2	Class A2	Class A2	Class A2	Class A2
	USD	Acc RMB	Acc RMB	Class A2	Class A2	MDis AUD	MDis CAD	MDis GBP	MDis NZD
	USD	Hedged	Unhedged	MDis USD	MDis HKD	Hedged	Hedged	Hedged	Hedged
	RMB	RMB	USD	HKD	AUD	CAD	GBP	NZD	
2020	107.04	15.43	17.05	11.95	10.91	9.92	10.29	9.73	10.32
2019	95.04	13.67	15.81	11.61	10.73	9.93	10.12	9.58	10.26
2018	102.44	14.65	16.03	13.38	12.32	11.62	11.79	11.18	11.97
2017	95.32	13.62	15.31	12.45	11.47	10.85	11.00	10.44	11.19
2016	76.72	10.59	12.57	10.82	9.88	9.63	9.71	9.15	9.75
2015	86.86	11.77	13.31	13.23	12.10	12.12	12.14	11.55	12.17
2014	76.85	9.99	10.09	12.10	11.10	11.07	11.09	-	11.11
2013	69.50	-	-	11.46	10.34	10.36	10.35	-	10.37
2012	63.09	-	-	10.72	-	-	-	-	-
2011	61.21	-	-	-	-	-	-	-	-

	Highest issue price per unit								
	Class A2	Class A2	Class A2	Class P	Class P	Class P	Class X		
	MDis RMB	MDis RMB	MDis SGD	Class P	MDis RMB	Class P	Acc RMB	Acc USD	Class Z
	Hedged	Unhedged	Hedged	MDis RMB	Hedged	Acc RMB	Hedged	Unhedged	Class Z
	RMB	RMB	SGD	RMB	RMB	RMB	RMB	USD	USD
2020	10.38	10.49	11.32	11.8607	13.1000	12.4117	13.4544	18.46	17.18
2019	10.20	10.45	11.11	-	-	-	-	15.70	15.28
2018	11.92	11.39	12.97	-	-	-	-	16.88	16.32
2017	11.09	10.98	12.07	-	-	-	-	15.50	15.19
2016	7.69	9.65	-	-	-	-	-	12.73	12.21
2015	11.34	11.12	-	-	-	-	-	-	13.70
2014	9.95	10.09	-	-	-	-	-	-	12.14
2013	-	-	-	-	-	-	-	-	10.87
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years (Continued)

	Lowest redemption price per unit								
	Class A1	Class A	Class A	Class A2	Class A2	Class A2	Class A2	Class A2	Class A2
	USD	Acc RMB	Acc RMB	Class A2	Class A2	MDis AUD	MDis CAD	MDis GBP	MDis NZD
	USD	Hedged	Unhedged	MDis USD	MDis HKD	Hedged	Hedged	Hedged	Hedged
	USD	RMB	RMB	USD	HKD	AUD	CAD	GBP	NZD
2020	66.66	9.57	11.50	7.74	7.07	6.46	6.67	6.28	6.71
2019	79.48	11.46	13.45	9.71	8.98	8.26	8.44	7.99	8.56
2018	75.99	10.95	13.02	9.56	8.84	8.23	8.37	7.91	8.51
2017	72.07	10.06	12.21	9.97	9.08	8.80	8.87	8.31	8.99
2016	61.39	8.42	9.90	8.97	8.21	8.09	8.12	7.67	8.23
2015	67.27	9.05	10.77	10.12	9.22	9.21	9.23	8.69	9.32
2014	63.83	9.28	9.19	10.30	9.43	9.43	9.43	–	9.45
2013	60.58	–	–	9.99	9.85	9.84	9.85	–	9.77
2012	51.14	–	–	9.96	–	–	–	–	–
2011	45.95	–	–	–	–	–	–	–	–

	Lowest redemption price per unit								
	Class A2	Class A2	Class A2	Class P	Class P	Class P	Class X		
	MDis RMB	MDis RMB	MDis SGD	Class P	MDis RMB	Class P	Acc RMB	Acc USD	
	Hedged	Unhedged	Hedged	MDis RMB	Hedged	Acc RMB	Hedged	Unhedged	Class Z
	RMB	RMB	SGD	RMB	RMB	RMB	RMB	USD	USD
2020	6.72	7.36	7.35	9.8516	9.8079	9.8534	9.7991	11.14	10.78
2019	8.47	9.12	9.27	–	–	–	–	13.09	12.77
2018	8.49	8.95	9.15	–	–	–	–	12.49	12.20
2017	8.60	9.13	10.00	–	–	–	–	11.15	11.52
2016	7.69	7.84	–	–	–	–	–	9.39	9.78
2015	8.55	8.74	–	–	–	–	–	–	10.70
2014	9.24	9.19	–	–	–	–	–	–	9.99
2013	–	–	–	–	–	–	–	–	9.42
2012	–	–	–	–	–	–	–	–	–
2011	–	–	–	–	–	–	–	–	–