Value Partners Group Limited

Remuneration Policy Relating to Delegation under the UCITS Directive

General

Value Partners Group Limited (“Value Partners”, the “Group”) operates a group-wide remuneration strategy including a remuneration policy that applies to all Value Partners entities globally, supplemented by country or legal entity-specific features according to local requirements.

Value Partners Hong Kong Limited (“VPHK”), a subsidiary of Value Partners has been appointed to provide portfolio management services to manager(s) (each a “**Delegating Manager**”) of Irish UCITS fund(s) (each a “**UCITS**” or “**Fund**”).

VPHK is not a UCITS management company under the UCITS Directive and is thus not subject to the remuneration rules under the UCITS Directive. However, the Delegating Manager is subject to an obligation to ensure either that VPHK is subject to: (a) regulatory requirements on remuneration that are equally as effective as those applicable under the UCITS Directive; or (b) appropriate contractual arrangements to ensure that there is no circumvention of the remuneration rules set out in UCITS Directive. Further, consideration has been given to the requirements as outlined in SFDR.

This document (this “**Policy**”) sets out the remuneration policy of Value Partners including VPHK in relation to the provision of services to the applicable Delegating Manager in respect of the Fund. References to a Delegating Manager in respect of the relevant Fund in this Policy refer to the Fund that is associated with such Delegating Manager.

For the purposes of this Policy:

(a) “**ESMA Guidelines**” means the *Guidelines on Sound Remuneration Policies under the UCITS Directive* published by ESMA;

(b) “**Identified Staff**” means, per the ESMA Guidelines, categories of staff employed by VPHK, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Funds that VPHK sub-manages.

(c) “**Investment Management Agreement**” means the investment management agreement or similar agreement made between the Delegating Manager and VPHK, as amended or restated from time to time;

(d) "**UCITS Directive**" means Directive 2009/65/EU of the European Parliament and of the Council as amended by Directive 2014/91/EU of the European Parliament and of the Council; and

(e) "**SFDR**" means EU Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended, consolidated or replaced from time to time.

The performance assessment year for the Group is from January to December.

Any questions with respect to this Policy should be directed at the Chief Compliance Officer of Value Partners.

<u>Scope of this Policy</u>

This Policy applies to those Value Partners staff (including staff at Value Partners delegates) that are "Identified Staff" as defined in the ESMA Guidelines.

Applying the definition of "Identified Staff", this Policy applies only to those staff of Value Partners who have a material impact on the risk profile of the Funds. Value Partners has applied the following criteria to determine whether a particular individual falls within Identified Staff:

(a) the nature of the function held by the individual;

(b) the individual's seniority and role in the management of the business unit and/or management of the Fund;

(c) participation in other activities which are likely to have a material impact on the Fund's risk profile.

The Value Partners' Compliance Team maintains a list of Value Partners' Identified Staff. The list of the Identified Staff and this Policy will be reviewed if and when VPHK on-boards with a new Delegating Manager and in any case at least on an annual basis.

For the purposes of this Policy, "**Remuneration**" consists of all forms of payments or benefits paid by Value Partners to the Identified Staff in exchange for professional services rendered by the Identified Staff in connection with the provision of services to the applicable Delegating Manager in respect of the relevant Fund.

For the avoidance of doubt, where the Identified Staff also spend time or provide services in relation to other clients or funds of Value Partners in addition to the services provided to the applicable Delegating Manager in respect of the relevant Fund, this Policy applies only to Remuneration of the Identified Staff that is directly connected with the provision of services to the Delegating Manager in respect of the Fund.

Remuneration Requirements

This Policy is designed to: (i) establish, maintain and implement remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management in relation to the provision of services to the applicable Delegating Manager in respect of the relevant Fund; and (ii) avoid encouraging risk-taking which is inconsistent with the risk profile of the Fund as notified to Value Partners by the Delegating Manager.

To ensure compliance with these principles, Value Partners seeks to act in accordance with the investment objectives/strategies of the Fund and investment guidelines as set out in the Investment Management Agreement and/or as otherwise notified by the Delegating Manager with respect to the Fund.

Pay-out process and Remuneration Committee

ESMA has indicated that UCITS management companies (and by extension their delegates) may apply the remuneration rules "*in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities*". Based on an analysis of the application of proportionality under the EMSA Guidelines, VPHK has determined not to apply the pay-out process rules. VPHK will keep this under review.

Value Partners, as a Hong Kong listed company, has established core committees with defined terms of reference as stated in the *Corporate Governance Guide for Boards and Directors* issued by the Hong Kong Exchanges and Clearing Limited. Remuneration Committee is one of the core committees. Its purpose is to advise the board on the remuneration of the board and the senior management. Please refer to the below for details:

https://www.valuepartners-group.com/en/investor-relations/corporate-governance/board-commitees/remuneration-committee/

Remuneration Scheme

Remuneration payable to the Identified Staff may comprise both a fixed element (*i.e.*, base salary without consideration of any performance criteria) ("**Fixed Remuneration**") and a variable element (*i.e.*, depending on relevant performance or other contractual criteria) ("**Variable Remuneration**"). All remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the employee's rank in the firm and professional activity as well as market practice.

Remuneration Practices

The extent to which each aspect of personal performance affects the overall remuneration payment level of a given staff member depends on the role and responsibilities of that individual. Value Partners' remuneration practices set forth below differentiate between those employees whose professional activities have a material impact on the risk profile of the Fund sub-managed by Value Partners (namely senior management and investment professionals) and back office staff.

Value Partners operates under a general set of remuneration principles and has designed its remuneration practices to seek to provide appropriate and positively aligned economic incentives for its staff. For example, and as further described below, remuneration for investment professionals generally includes a base salary (i.e., "**fixed remuneration**") plus a discretionary bonus that is based on individual and team performance, the overall performance of Value Partners, and the performance of its clients (i.e., "**variable remuneration**").

Value Partners generally structures remuneration for back office staff (including staff whom perform control functions (as defined in the ESMA Guidelines)) to include base salary plus a discretionary bonus based upon achievement of performance objectives in support of the applicable business unit and the overall performance of the Group.

Value Partners ensures that variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the remuneration requirements (as defined in the ESMA Guidelines) and the Group retains the primary responsibility for ensuring that the ultimate goal of having a sound and prudent remuneration policy and structure is not improperly circumvented.

Fixed remuneration is set with reference to equivalent roles in similar companies as well as the skills, experience and the sustained performance of the individual. Salaries are reviewed each year and adjustments are reviewed by the Firm's senior management.

Value Partners' remuneration practices are intended to reflect an ethos of good governance and seek to encapsulate the following principal objectives:

(1) to provide a clear link between remuneration and the performance of Value Partners and its clients;

(2) to promote sound and effective risk management consistent with the ongoing risk profiles generally sought for and by its clients; and,

(3) to remunerate staff in line with the business strategy, objectives, values and interests of Value Partners and in alignment with the interests of its clients.

The link between pay and performance

Value Partners assesses staff performance for the purposes of determining variable remuneration by referencing a broad range of measures, including but not limited to, the following:

(1) individual performance (using financial and non-financial criteria, as applicable and appropriate),

(2) the overall performance of Value Partners, e.g. the level of profits for the corresponding financial year. and

(3) the overall performance of its clients (as applicable and relevant).

Further information regarding the criteria for determining variable remuneration is outlined in the Appendix hereto.

Value Partners may assess an individual's qualitative and quantitative performance across various timeframes. In certain instances, such assessment may include, but are not limited to, an evaluation of performance across multiple years, such as when evaluating the person's performance through a market or economic cycle, during an implemented change to Value Partners business, or during her or his transition to a new role. Such assessments across multiple years are undertaken, when deemed pertinent, to help assure, where appropriate, that such longer-term considerations form an element of feedback and overall compensation outcomes.

As noted above, generally the elements of remuneration for investment and back office staff have both a fixed and a variable component. Value Partners seeks to set fixed remuneration at a level sufficient such that any variable remuneration incentivizes and rewards strong performance while encouraging, where appropriate, such thoughtful, calculated risk taking as properly aligns with the Group's and its clients' interests.

Value Partners assesses various risk factors when evaluating its remuneration practices for staff. Such factors include whether any potential remuneration award may conflict with the interests of its clients or Value Partners. Value Partners seeks to mitigate certain risk factors relating to variable compensation by designing variable remuneration that is intended to reward neither failure, nor success achieved by means of imposing inappropriate or excessive risk on the Group or its clients. Value Partners retains the flexibility to adjust variable remuneration, either immediately or over time, to reflect its evaluation of these factors on an ongoing basis.

As per Article 5 of SFDR, financial market participants are required to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites. Value Partners assesses that this Policy is consistent with the integration of sustainability risks. The Group has incorporated criteria on the integration of sustainability risks into its Remuneration Policy. Individual's adherence to sustainability criteria would be part of the determination of variable remuneration awards. The firm strongly believes in promoting Environmental, Social, and Corporate Governance ("ESG") issues and long-term sustainability at all levels of the organisation, and, accordingly, ESG responsibilities are ingrained both within the investment team's and the wider team's processes throughout the firm.

Value Partners has a transparent bonus pool system which has been in place since the firm was founded. In line with Value Partners' emphasis on recognition for performance and human capital retention, Value Partners rewards its employees with year-end variable remuneration which is linked to a multi-dimensional performance evaluation to ensure a high degree of interest alignment. Examples of weightings are as below:

Factor	Description	Portfolio Managers	Analysts
Qualitative factors	• CIO / Team leader review • Research support quality • New idea generation	20%	30%
Analyst / Sector model portfolio	• Performance of your stock holdings in calendar year vs. respective benchmark • Outperformance vs. benchmark on a 1 & 3-year rolling basis	30%	40%
Fund impact	• Idea adoption by the portfolio manager / fund • Performance return contributed to the fund	-	30%
Fund management	• Performance is compared with the portfolio's peer group, by quartile ranking • Portfolio return vs. peer group performance range – If you are rank 1, then you will score 100 – If you are last rank, you will score 0 – Anything in between will be determined by your % performance relative to peers • Portfolio impact score = 100 * (1 – Your Rank / Peer Group #)	50%	-
Total score		**100%**	**100%**

In each financial year, Value Partners allocates 20%-23% of the pre-tax profit pool for variable compensation payments to their employees. The pre-tax profit pool comprises of net profit before management bonus and taxation and after certain adjustments. Bonus compensation is paid out at the end of the fiscal year, in tandem to the firm's deferred bonus scheme of up to 3 years. The deferred components are invested into Value Partners funds to ensure greater staff alignment to our fund's focus on performance. Senior management staff are also entitled to stock options. Both the variable compensation and stock options are aimed to promote staff loyalty and commitment, while aligning the interests of employees with those of shareholders.