Value Partners
惠理基金

Pioneer in value investing since 1993

An award-winning asset manager,
with 250+ performance awards won since inception.

2022 ANNUAL REPORT

Value Partners Group Limited
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 806

Corporate profile

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

Value Partners was the first asset management firm listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 806 HK) after it went public in November 2007.

Contents

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

Corporate information

Board of Directors

Co-Chairmen and Co-Chief Investment Officers

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

Executive Directors

Ms. HUNG Yeuk Yan Renee *(Senior Investment Director)*
Mr. HO Man Kei, Norman *(Senior Investment Director)*
Ms. WONG Wai Man June *(Chief Executive Officer)*

Independent Non-executive Directors

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

Company Secretary

Mr. CHEUNG Kwong Chi, Aaron

Authorized Representatives

Mr. CHEUNG Kwong Chi, Aaron
Ms. WONG Wai Man June

Members of the Audit Committee

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

Members of the Nomination Committee

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

Members of the Remuneration Committee

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

Members of the Risk Management Committee

Mr. SUN Chi Kin Samuel *(Chairman)*
Ms. LAM Mei Kuen Winnie
Ms. LEE Vivienne
Ms. NG Chuk Fa, Nikita
Mr. SO Chun Ki Louis
Ms. WONG Wai Man June

Registered Office

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

Principal Office

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

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisor

Reed Smith Richards Butler

PRC Legal Advisor

LLinks Laws Offices

Principal Bankers

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

Website

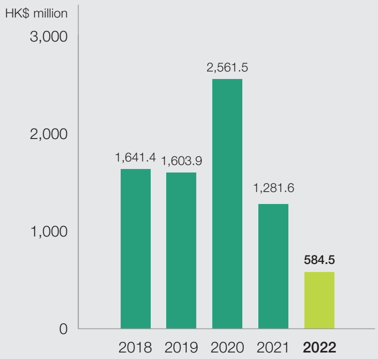
www.valuepartners-group.com

Stock Code

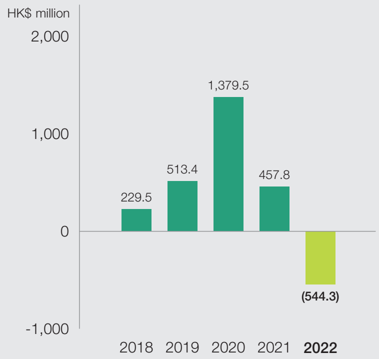
Stock Exchange of Hong Kong: 806

Financial highlights

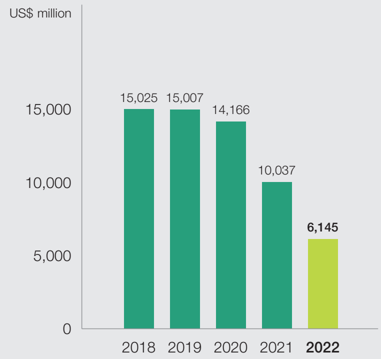
Revenue



(Loss)/profit attributable to owners of the Company



Assets under management



	Results for the year ended 31 December					
(In HK$ million)	2022	2021	% Change	2020	2019	2018
Revenue	584.5	1,281.6	-54.4%	2,561.5	1,603.9	1,641.4
Operating (loss)/profit (before other gains/losses)	(68.6)	360.3	-119.0%	1,308.5	343.7	399.9
(Loss)/profit attributable to owners of the Company	(544.3)	457.8	-218.9%	1,379.5	513.4	229.5
(Loss)/earnings per share (HK cents)						
– Basic	(29.6)	24.7	-219.8%	74.4	27.7	12.4
– Diluted	(29.6)	24.6	-220.3%	74.4	27.7	12.4

	Assets and liabilities as at 31 December					
(In HK$ million)	2022	2021	% Change	2020	2019	2018
Total assets	4,747.9	5,670.3	-16.3%	6,298.8	4,912.7	4,395.9
Less: Total liabilities	253.7	405.5	-37.4%	880.8	523.3	417.4
Total net assets	4,494.2	5,264.8	-14.6%	5,418.0	4,389.4	3,978.5

	Assets under management (“AUM”) as at 31 December					
(In US$ million)	2022	2021	% Change	2020	2019	2018
Assets under management (“AUM”)	6,145	10,037	-38.8%	14,166	15,007	15,025

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

Thought leadership

In September 2022, **Dato' Seri CHEAH Cheng Hye** spoke to an audience of entrepreneurs and investors at the Forbes Global CEO Conference in Singapore, where he predicted that China would start easing Covid restrictions by the end of October 2022.

Source: Forbes Global CEO Conference

Excerpt from The Straits Times (Singapore)
Published September 27, 2022

"China may start easing its Covid-19 restrictions by end-October after the Communist Party of China holds its 20th National Congress in Beijing", said Mr. Cheah Cheng Hye, co-chairman and co-chief investment officer of Hong Kong-listed Value Partners Group, one of Asia's largest independent asset management firms.

This will be much earlier than what the market expects, but if accurate, "my minority view is this will be very good news for China stocks and bonds", he said.


China may start easing Covid-19 curbs by end-October: Observer

Singapore has its strengths in areas where Hong Kong is weak and vice versa. As a business with offices in both cities, we take advantage of the strengths of both cities.


Brave investors could reap double-digit returns from China equities: Value Partners chief

Company aims to expand Singapore office to capitalise on family office monies

Excerpt from The Business Times (Singapore)
Published October 7, 2022

"Most people think China would relax Covid restrictions next year (2023), but I think they will start to relax from late October or early November", Mr. Cheah Cheng Hye, co-chairman and co-chief investment officer of Value Partners, expects.

In December 2022, **Dato' Seri CHEAH Cheng Hye** shared his insights about China investing in the following events.

The 25th Anniversary of One Country Two Systems "One Belt One Road" Initiative International Law Conference.

The Beijing Hong Kong Economic Cooperation Symposium seminar, held jointly by Beijing Municipal and Hong Kong governments.

The Alumni Fireside Chat Dinner Event organized by the Chinese University of Hong Kong ("CUHK") Business School.

ESG

In October 2022, **Mr. Frank TSUI**, our Managing Director, Head of ESG Investment and Co-Head of Client Portfolio Management, talked about how Value Partners integrates its ESG strategy into the Company's investment process in a fireside chat session of the Moody's ESG Solutions Event.

Value Partners collaborated with Hang Seng Bank to sponsor the "University Elite ESG Challenge 2023". The ESG Challenge, hosted by the Hang Seng University of Hong Kong, is open to all undergraduate university students in Hong Kong.

Above: **Ms. June WONG, CEO of Value Partners**, attended the launch forum at the Chinese University of Hong Kong on 29 October 2022 as an official start of the ESG Challenge.

A series of events are prepared to help every participant grow to become an "ESG Elite", including an e-learning and trading simulation provided.

Awards

Value Partners Group received three major awards and recognitions from leading institutions and publications.

The Institute of ESG and Benchmark delivered the award of Outstanding ESG Performer of the Year 2021/2022 to Value Partners in August 2022 in recognition of the team's dedicated work and outstanding performance in Environmental, Social and Governance ("ESG") initiatives.

Outstanding ESG Performer of the Year 2021/2022

The Institute of ESG and Benchmark

Best Fund Provider – Multi Asset Solution for 2022

Asian Private Banker 9th Asset Management Awards for Excellence 2022

Value Partners is recognized by the Asian Private Banker ("APB"), a famous multi-platform media company that gives awards to leading asset managers in the finance industry. The Value Partners Asian Income Fund, incepted in 2017, is a mixed-asset solution that invests in Asian equities and bonds, with high exposure to the China market. APB recognized the Fund's ability to capture growth in a challenging environment from 2021 to 2022.

The High-Dividend Stocks Fund (the Asia ex-Japan High Dividend Equity Strategy) also gained recognition from AsianInvestor, reflecting our investment team's dedication and outstanding performance.

Best Fund – "Asia ex-Japan Equity"
AsianInvestor Asset Management Awards 2022

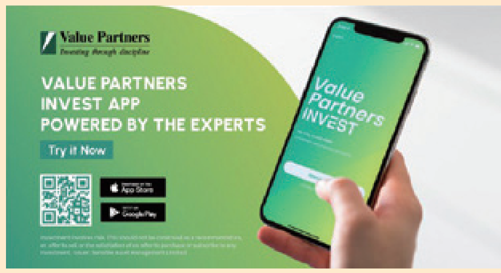
New products and business development

Value Partners x EMQQ

The Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF ("VPEMQQ") was listed on the Hong Kong Stock Exchange on 25 July 2022 (Stock code: 3030).

Value Partners Invest App

In December 2022, Value Partners launched its first asset management app in Hong Kong. Through the app, investors can review their investment portfolio and invest in a wide range of mutual funds offered by Value Partners.



CSR Activities

Dato' Seri CHEAH Cheng Hye created the Cheah Cheng Hye Scholarships in 2020. The scholarship, which is granted annually, assists students with their college expenses in Xiamen, China.

In November 2022, the Cheah Cheng Hye Charity Foundation, the Cheah Kongsi (clan members association) in Xiamen, and the Cheah Kongsi in Penang jointly sponsored to build the Yu-De-Ting in the Yucai Primary School in Haicang District to celebrate its 110th anniversary.

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

In 2022, Value Partners suffered a loss of HK$544 million (loss per share of 29.6 HK cents), which was the first time the group lost a significant annual amount since its founding in 1993. The major contributing factor was a plunge in the market value of the group's proprietary investments with a net investment loss of HK$317.7 million; note this remains a paper loss as majority of these investments are retained on our books.

On an operating basis (excluding proprietary investments), the group's loss was about HK$69 million. This made 2022 by far our most difficult in 29 years. Prior to this, for us, every year had been profitable with the minor exception of 1999, when a loss of less than HK$1 million was recorded in the face of the 1998 Asian Financial Crisis.

As a business, Value Partners is always run in a conservative, risk-adverse manner, and this shows in our strong capital base (about HK$4.5 billion in shareholders' equity) and no debt. Certainly, we can take events in stride. We believe what happened was a temporary setback, and we propose a dividend of 3.4 HK cents for 2022, reflecting our underlying confidence. In 2022, we also spent HK$58 million on share repurchases, buying back shares amounting to 1.3% of the outstanding issue.

(For comparison purposes, here are the numbers for the previous year: 2021 net profit was HK$458 million, equivalent to 24.7 HK cents earnings per share, inclusive of HK$360 million in operating profit, while a dividend of 8 HK cents was paid for the year.)

For a detailed report, please see the accompanying "Management Discussion and Analysis" section.

Value investing

Value Partners' value-investing style, which we've practised consistently for decades, did not perform well in the panic selling that engulfed Chinese markets for much of 2022. Our flagship Value Partners Classic Fund[1] declined a net 28% during the year, compared to declines of 13% and 22%, respectively, in the Hang Seng and MSCI China indices[2]. The good news is that since the market rebounded from late 2022, the Classic Fund's performance has recovered dramatically, with a net gain of 46% in the three months ended 31 January, 2023. Clearly, 2023 has started well.

Our Investment Team worked very hard and carried out thousands of company visits (many conducted on-line) and investigations in 2022, while keeping faith in value, which we believe remains a highly effective approach for long-term China investing.

Value Partners Classic Fund's overall performance record remains excellent. Since inception in 1993, the fund has returned a net 3,369%, compared to the Hang Seng Index's return of 466% over the same period. In 29 years of existence, the fund recorded a profit in 20 of the years and a loss in nine of the years (the fund's returns are expressed in terms of its US$ "A" units)

Solid and durable

In many ways, the stock market is all about value, growth prospects and investment sentiment driven by whether outcomes exceed or fall below expectations. China was exceptionally discouraging for investors in 2022 – Covid, which was coming under control, re-emerged suddenly to sweep across the country, causing distressing lockdowns. The government had set a growth target of 5.5% for the year, but the outcome was a much lower 3%, the lowest since 1976 (with the exception of 2.2% recorded in 2020.)

It wasn't until late October 2022 that China-related stocks bottomed out and they have started a huge recovery since then. (Anticipating this, I had told the Forbes Global Conference in September 2022 that Beijing would start lifting Covid restrictions from late October, and this would be followed by a big market recovery, but my speech was greeted with widespread scepticism.).

Currently, Chinese stocks remain cheap at 10 times to 12 times earnings; importantly, China is one of very few major economies that can offer significant growth in 2023. The International Monetary Fund projects growth at 5.2% in China, 1.4% in the U.S. and 0.7% in Europe in 2023.

Indeed, despite Covid – a once-in-a-century event – the Beijing government has remained steadfast in its long-term commitment to position China as the world's key sustainable society in coming decades. The country has the world's biggest middle class (400 million middle class people in a population of 1.4 billion) which supports an economy of massive scale, and it is promoting a fairer and more inclusive society to ensure stability. Beijing has said its vision of "Common Prosperity" will take decades to implement, and the highest priority now is economic development.

In this age of political, economic and financial difficulties in many parts of the world, we believe China offers a solid and durable investment theme for long-term investors.

Beijing has been emphasizing the role of markets and the private sector. With less than 15% of Chinese savings currently invested in equities, there is plenty of scope for growth in the Chinese stock market and a new trend of buying stocks through mutual funds. This trend is accelerating because many Chinese households are deterred by declining prices and over-supply in the property market and are switching more of their savings to stocks and bonds.

Thus, for the world's asset management industry, China is a particularly bright spot.

Appreciation

To the many clients, shareholders, service providers and friends who have supported and encouraged us, we shall always be grateful. Very importantly, may I express special appreciation to the staff of Value Partners, who are characterized by a strong and steady devotion to serving clients with the highest professional standards. Value Partners currently employs 202 staff, of whom 145 are based in Hong Kong and another 42 are in our offices on the Chinese mainland.

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

1. *Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022: -28.1%; 2023 (Year to date as at 28 February): +2.1%.*

2. *Bloomberg, 31 December 2022.*

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

It was an extremely challenging year for global financial markets in 2022. Interest rate hikes, inflationary pressures, and ongoing geopolitical tensions have severely impacted all asset classes, including equities, bonds, and alternatives. Meanwhile, China markets were further dragged by its long-sustained anti-pandemic measures, affecting the country's economic growth.

However, there was a significant turnaround in the market in the last two months of 2022, mainly driven by China's move to relax its anti-pandemic measures. Most of our funds recorded gains with the sharp market rebound, partly offsetting the losses during the first three quarters of the year.

For the full-year 2022, the MSCI China Index was down 21.9%[1], while the broader MSCI AC Asia (ex-Japan) Index also slumped, down 19.7%[1].

Overall, investors have become more optimistic about China's market outlook. With the country's reopening and increasingly supportive policies to bolster its economy, we expect 2023 will be a year of recovery for China. Given our ongoing efforts to be a leader in China investing, we are well-positioned to capture the opportunities brought about by this recovery.

Financial highlights

As of the end of December 2022, our assets under management ("AUM") stood at US$6.1 billion, down 39% from US$10.0 billion at the end of 2021, mainly due to the market's performance and the risk-off stance of most investors. As a result, our gross management fees dropped 41% year-on-year to HK$549.3 million in 2022, and minimal performance fees were recognized for the year 2022.

In terms of fund flows, despite the market volatility and net outflows, we managed to capture US$1.0 billion in gross subscriptions during the year. There was still strong demand for our Greater China equity strategies, with continuous net inflows into our flagship fund – the Value Partners High Dividend Stocks Fund, and a Chinese equities mandate from our European client amid this challenging environment.

With reduced management fees, our operating loss (before other gains/losses) amounted to HK$68.6 million for 2022. With significant net investment losses of HK$317.7 million on the Group's proprietary investments, which were mainly seed capital investments in its own funds, the net loss for the year amounted to HK$544.3 million.

As of 31 December 2022, the Group continued to run a very strong balance sheet, with net assets of HK$4.5 billion, including cash of HK$1.7 billion and investments of HK$2.7 billion. We shall continue to manage our balance sheet prudently to meet future business needs as well as our longer-term strategic growth plans and initiatives.

Strengthening our marketing and sales channels

Although the business landscape was challenging in 2022, we continued to strengthen our management leadership with new hires, which are key to our relationship-building efforts with existing important channels and prospective clients.

We expanded our institutional business coverage in North Asia with the hire of Mr. Otto CHOI, Senior Director, Institutional Business. In addition, we put in resources to expand our coverage in Europe, the Middle East, and Africa (EMEA) region with the appointment of Mr. David TOWNSEND as London-based Managing Director, EMEA Business. We also started to build out our ETF franchise with a key hire.

We enhanced our client portfolio management ("CPM") team, a key function in the Group that represents our investment team for our institutional and distribution channels, with the appointment of Mr. Ricky TANG as Head of CPM. We plan to enhance our CPM capability further, which should strengthen our relationships with current and prospective clients.

As a result of these appointments, we have seen stronger coverage in our business, enabling us to roll out more initiatives to expand our client reach.

Capturing more opportunities in wealth management

The wealth management segment remains a key strategic area for growth in our business. It continues to be a fast-growing segment, with overall wealth management assets in Asia expected to increase to US$15-19 trillion in 2025 from US$10 trillion in 2019[2].

We continued to see support from key banking partners in Hong Kong and overseas despite the lackluster market environment in 2022, with net inflows going into some of our funds, including our dividend, multi-asset, and China-focused strategies.

Besides our banking partners, the family office segment has also become an important growth driver in wealth management, especially in Hong Kong and Singapore, with the number of family offices in both markets increasing.

We have built solid pipelines with new businesses developed in the family office segment in the region. Moving forward, we will continue to strengthen our profile within the segment with the aim of becoming a go-to manager. To complement our already-strong Greater China coverage in our Hong Kong headquarters, we plan to commensurately add dedicated local staff in Singapore to service the increasing wealth management demands in South Asia, further enhancing our family office strategy in Asia. We are also strengthening our investment capabilities in the city-state to bolster our scope of the overall Asia market.

We also recognize that various digital solutions, including online financial applications, are increasingly widely adopted. As we see this as an opportunity to enrich our engagement with clients and interact with a wider community, we rolled out our first mobile application, “Value Partners Invest” (the “App”), in Hong Kong last December.

The App provides end-users with our latest market insights and access to our funds. It brings the Value Partners brand to a wider audience, especially the younger generation, diversifying further the demographics of our client base. As we embark on this digital journey, we will continue to find ways of enriching further the user experience through various App enhancements, such as more functions and digital services.

Increasing interest from global institutions

Global institutions continued to show increasing interest in allocating more to China for their diversification needs, with many actively seeking Value Partners as a “go-to-China” expert.

We saw rising inquiries about our investment strategies from different regions last year. In addition, our strong brand recognition continued to support us, with a leading European financial institution adding more capital allocations in 2022 to the mandate we secured with the firm in 2020.

Riding on the success of this mandate, we are seeing encouraging and developing interest in our capabilities from sovereign wealth funds in the EMEA region, with constructive discussions underway.

Given our expanded resources for better coverage in the institutional space, we are better equipped to hold more brand-building initiatives and win more mandates.

Growing commitment to the China market

The Mainland remains a key strategic market for Value Partners, especially given the opportunities arising from the growing demand for professionally managed investment products.

We continued to expand our reach in the Mainland in different segments. Our China business continued to be underpinned by institutional, private fund management ("PFM") and qualified domestic limited partnership ("QDLP") mandates, the Mainland-Hong Kong Mutual Recognition of Funds ("MRF"), and opportunities arising from the Greater Bay Area ("GBA") Wealth Management Connect Scheme.

Within the GBA Connect Scheme, we were able to onboard one more fixed income product, the All China Bond strategy, on the shelves of eligible banks listed in the scheme, alongside two low-to-mid-risk fixed income products on their shelves. We continue working with current and potential distribution partners to add eligible products to their shelves.

We also partnered with an onshore distributor specializing in wealth management solutions for high-net-worth individuals to launch a PFM fund. Towards the end of the year, we also started to provide investment advisory services to a newly raised insurance asset management product.

Our commitment to the China market remains, and obtaining public fund management licenses in the Mainland continues to be one of the top priorities of the firm. Despite the business headwinds in 2022, our groundwork continued to move ahead with our plans. We expect our plans to accelerate this year as travel resumes, especially following China's reopening. We have already started having discussions with relevant parties, moving our China agenda forward.

Our ongoing efforts in the Mainland have continued to be recognized by the industry. Value Partners has been named as one of China's top 20 foreign managers for three consecutive terms (2020-2022) by Z-Ben Advisors, China's leading fund industry firm. Value Partners is also the only Asia-based fund house on the list.

Product buildout and highlights

Apart from strengthening our distribution and client reach, we have continued our efforts in diversifying and expanding our product suite.

We carried through our asset class expansion plans. We are preparing for the first closing of an alternative investment strategy that invests in listed and private companies across the Mainland China and Hong Kong markets. Besides generating investment returns, one of its objectives is to assist companies in expanding their businesses in the GBA. We are excited about the opportunities the strategy will bring, especially given its clear social value in contributing to the development of Hong Kong and the GBA. We plan to widen the range of our alternative solutions further as we aim to strengthen our alternatives franchise.

Our multi-asset franchise buildout continued, with our Asian Income strategy being successfully onboarded by two additional leading distributors in Hong Kong. We are excited that HSBC and Bank of China joined our other existing distributors for this strategy, including Hang Seng Bank.

As mentioned above, we were able to onboard an additional product under the GBA Connect Scheme, which is part of our mainland China buildout plans.

On the fixed income front, we aim to expand our product suite and are planning to develop an investment grade bond strategy.

In Southeast Asia, our pure A-shares Shariah ETF in Malaysia continued with its success as being among the top actively traded ETFs in 2022 by value and volume in the country[3].

We were also able to list the Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF ("VPEMQQ ETF", stock code: 3030 HK) on the Hong Kong Stock Exchange in partnership with US-based EMQQ Global.

Our investment capabilities continued to gain recognition in the industry. In May, our High-Dividend Stocks Fund[4] was awarded the best fund in the Asia ex-Japan Equity category by Asian Investor's Asset Management Awards 2022. The fund also celebrated its 20th anniversary last year and has recorded gains of 808.0% as of the end of December 2022 since its inception in September 2002. In July, Value Partners was also selected as Asian Private Banker's Best Fund Provider – Multi Asset Solution for 2022. More recently, in February 2023, Value Partners won two awards in Fund Selector Asia's Fund Awards Singapore 2023. Our Value Partners China A-Share Select Fund received the Gold award in the Greater China/China Equity category, while our Value Partners Asian Innovation Opportunities Fund received the Gold award in the Mixed Asset category.

As we embark on our fourth decade of growth, we will continue to roll out several initiatives to expand our product suite. In fact, we recently received approval in February 2023 from Hong Kong's Securities and Futures Commission ("SFC") to launch the Asian Food and Nutrition Fund[5], which is part of our ESG buildout as we continue to enhance our ESG capabilities.

ESG: more developments underway

Developing our ESG capabilities is among Value Partners' top priorities. We have reached several milestones since beginning our journey in 2019 and see ongoing progression in this area.

Reaching 100% coverage of our proprietary ESG assessment for all our listed investees across equities and fixed income security holdings in 2021 was an essential milestone, as it set critical foundations for our ESG research developments in the past year.

The proprietary assessment has not only provided us with a systematic in-house ESG assessment framework for the under-researched universe in the region but also a key enabler for our analysts to engage with our investees in a more tailor-made manner to communicate our ESG views and expectations that are material to their business.

We have also started providing ESG reports in 2022, which include ESG scores at the fund level and ESG rating distribution at the firm level, among others. These reports have already been incorporated into some of our client meetings, which have been welcomed, given the additional investment insight they provide to clients.

With our enhanced ESG capability, we are able to explore ways to diversify our product range. As mentioned above, we expect to roll out the Asian Food and Nutrition Fund. As one of the leaders of ESG in Greater China, we aim to develop further our product suite by rolling out other ESG funds in the market.

Contributing to society is also one of our top ESG agendas. We are committed to nurturing the next generation in Hong Kong and have supported many youth development programs. For 2022, they include our collaboration with Hong Kong Securities and Investment Institute as a project sponsor of the organization's Case Competition, where our Head of ESG Investments tutored students to construct an ESG case study, which won various awards. We also partnered with Hang Seng Bank as co-lead sponsors to support the "University Elite ESG Challenge 2023", which aims for undergraduate university students in Hong Kong to become an "ESG Elite" via the various training offered in the challenge. Through these efforts, we hope to share our vision and arouse interest among the youth on key ESG topics and issues.

Our commitment to ESG practices and responsible investing has been recognized by the industry. In August 2022, Value Partners was named the Outstanding ESG Performer of the Year – Listed Company (Gold Award) at the ESG Achievement Awards 2021/2022, organized by the Institute of ESG & Benchmark.

Business outlook: Asia a bright spot in 2023

Overall, we continue to be excited about the opportunities that Asia's asset and wealth management industry presents. Wealth continues to grow across the region, and China has increasingly opened its wealth industry, enabling players like us to tap into the growing opportunities arising from the increasing demand for professionally managed investment products locally. In addition, global investors continue to allocate more to Chinese assets and are actively seeking China experts for their investment needs.

With a more favorable market outlook in China, driven by the country's reopening and supportive policies coupled with its long-term growth drivers, we expect more demand for China assets. As a leader and pioneer in China investing, Value Partners is well-positioned to capture these opportunities, especially given our wide range of high-quality and competitive investment strategies and enhanced services and capabilities.

As we further grow our business, we will bring more innovative investment solutions to the market to cater to the ever-changing needs of investors both locally and globally and further amplify our reach in different markets and segments.

Appreciation

Last but not least, we would like to thank all our colleagues, shareholders, clients, and business partners for their continued support and loyalty, especially in these challenging times. We would also like to recognize our colleagues' dedication, commitment, and contribution toward the continued growth of Value Partners. We promise to remain focused on providing the highest standard of service and value for clients and continue innovating in the ever-evolving asset and wealth management landscape.

1. *MSCI, 31 December 2022.*
2. *McKinsey Asian Wealth Management Post COVID-19, June 2020.*
3. *Bursa Malaysia, ETF Performance Report December 2022.*
4. *Annual calendar returns of Value Partners High-Dividend Stocks Fund (Class A1) over the past five years: 2018: -14.2%; 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023 (Year to date as at 28 February): +5.2%.*
5. *SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

Financial review

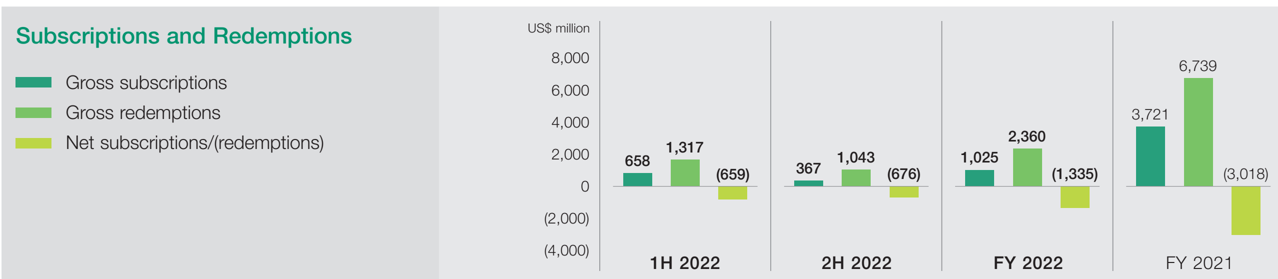
Assets Under Management ("AUM")

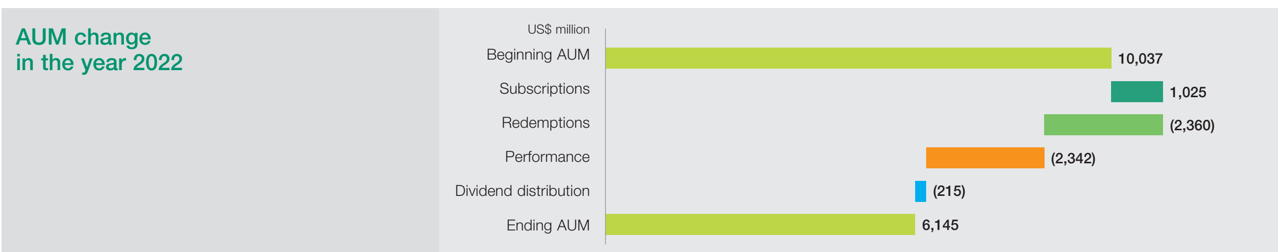
AUM and return

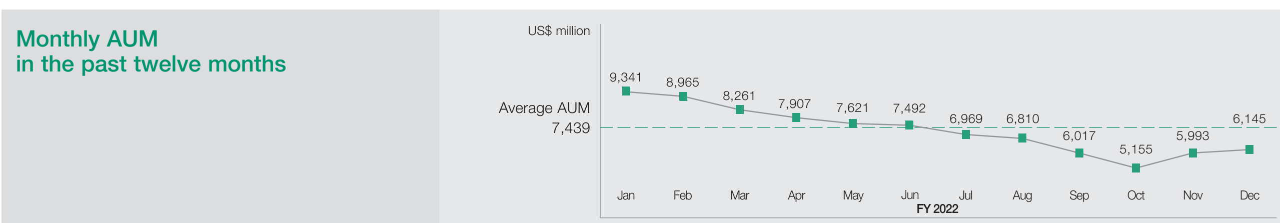
The Group's AUM stood at US$6,145 million at the end of December 2022 (31 December 2021: US$10,037 million). The decline was mainly attributable to the negative fund returns of US$2,342 million and a net redemption of US$1,335 million driven by unfavorable market conditions during most of 2022 and also rising interest rates.

Overall fund performance[1], calculated as the asset-weighted average return of funds under management, was a decline of 23.1% in 2022. Among our funds, the Value Partners High-Dividend Stocks Fund[2] and the Value Partners Classic Fund[3] fell 18.9% and 28.1%, respectively, during the year.

During 2022, we recorded gross subscriptions of US$1,025 million (2021: US$3,721 million) and gross redemptions of US$2,360 million (2021: US$6,739 million), as a result, the net redemption was US$1,335 million (2021: net redemption of US$3,018 million).



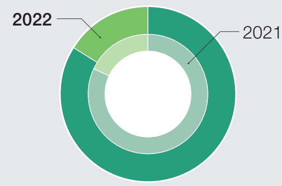




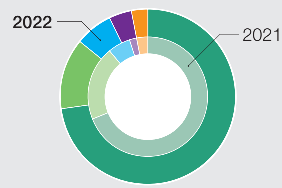
AUM by category

The charts below show the breakdown of the Group's AUM as at 31 December 2022 using two classifiers: brand and strategy. Own Branded Funds (84%) remained the biggest contributor to the Group's AUM. By strategy, Absolute Return Long-biased Funds (73%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (13%), where the Value Partners Greater China High Yield Income Fund was the largest contributor.

Classification by brand	2022	2021
Own Branded Funds	84%	82%
White Label & Co-branded Funds	16%	18%



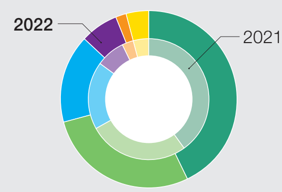
Classification by strategy	2022	2021
Absolute Return Long-biased Funds	73%	69%
Fixed Income Funds	13%	20%
Multi-asset Funds	7%	6%
ETFs	4%	2%
Alternative Funds	3%	3%



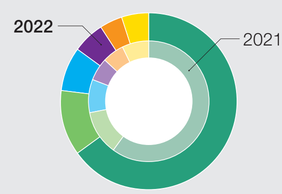
Client base

During the year, institutional clients – including institutions, high-net-worth individuals, pension funds, endowments and foundations, funds of funds, and family offices and trusts – remained the Group's primary set of fund investors, accounting for 57% of total AUM (31 December 2021: 60%). Meanwhile, retail clients contributed 43% of total AUM (31 December 2021: 40%). In terms of geographic location, Hong Kong SAR clients continued to be the largest segment, contributing 65% of the Group's AUM (31 December 2021: 60%). The share of AUM contributed by clients in mainland China remained stable at 8% (31 December 2021: 9%).

Client analysis by type	2022	2021
Retail	43%	40%
Institutions	28%	27%
High-net-worth individuals	16%	18%
Funds of funds	7%	8%
Pension funds	2%	3%
Others	4%	4%



Client analysis by geographical region	2022	2021
Hong Kong SAR	65%	60%
Europe	12%	12%
Mainland China	8%	9%
Japan	6%	6%
Singapore	4%	6%
Others	5%	7%



Summary of results

Key financial highlights for the reporting period are as follows:

(In HK$ million)	2022	2021	% Change
Total revenue	**584.5**	1,281.6	-54.4%
Gross management fees	**549.3**	926.7	-40.7%
Gross performance fees	**0.9**	200.5	-99.6%
Operating (loss)/profit (before other gains/losses)	**(68.6)**	360.3	-119.0%
(Loss)/profit attributable to owners of the Company	**(544.3)**	457.8	-218.9%
Basic (loss)/earnings per share (HK cents)	**(29.6)**	24.7	-219.8%
Diluted (loss)/earnings per share (HK cents)	**(29.6)**	24.6	-220.3%
Interim dividend per share	**Nil**	Nil	
Final dividend per share (HK cents)	**3.4**	8.0	-57.5%

Revenue and fee margin

Breakdown of total net income

(In HK$ million)	2022	2021
Revenue		
Management fees	**549.3**	926.7
Performance fees	**0.9**	200.5
Front-end fees	**34.3**	154.4
Distribution fee expenses		
Management fee rebate	**(218.7)**	(370.4)
Performance fee rebate	**–**	(1.5)
Other revenue rebate	**(33.9)**	(154.3)
Other income		
Other income	**76.7**	125.6

The Group's loss attributable to owners of the Company amounted to HK$544.3 million in 2022 (2021: profit of HK$457.8 million) as total revenue fell 54.4% to HK$584.5 million (2021: HK$1,281.6 million).

The drop in total revenue was underwritten by the reduced gross management fees, the Group's largest revenue contributor in 2022, which dropped by 40.7% to HK$549.3 million (2021: HK$926.7 million) on a 39.2% decrease in the Group's average AUM to US$7,439 million (2021: US$12,245 million), and also a sharp decline in gross performance fees to HK$0.9 million (2021: HK$200.5 million) as most of the Group's funds that attract performance fees did not surpass their previous high watermarks in 2022 against the weak market backdrop. Performance fees are generated when eligible funds, at their performance fee crystallization dates, report returns exceeding their high watermarks for the respective period up to the crystallization date.

During the year, our annualized net management fee margin slightly decreased to 58 basis points (2021: 59 basis points) on the back of net redemptions of the Value Partners Greater China High Yield Income Fund, which has relatively higher margins. Meanwhile, the management fee rebates for distribution channels decreased 41.0% to HK$218.7 million (2021: HK$370.4 million).

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

Other income, which mainly comprised of interest income, dividend income as well as rental income from an investment property, totaled HK$76.7 million (2021: HK$125.6 million). The change was mainly due to the drop in dividend income to HK$17.3 million (2021: HK$53.1 million) and interest income to HK$35.9 million (2021: HK$53.4 million).

Other gains or losses

(In HK$ million)	**2022**	2021
Net (losses)/gains on investments		
Net realized gains on financial assets at fair value through profit or loss	**251.8**	4.2
Net unrealized (losses)/gains on financial assets at fair value through profit or loss	**(588.6)**	108.4
Fair value gain of an investment property	**19.1**	18.5
Net foreign exchange losses	**(123.4)**	(20.1)
Other (losses)/gains – net	**(441.1)**	111.0

Other gains or losses mainly included fair value changes and realized gains or losses on seed capital investments, investments in our own funds and other investments, as well as net foreign exchange gains or losses. Seed capital investments are made by the Group to provide capital that was considered necessary to new funds during the initial phase of fund launches. The Group also invests in its own funds alongside investors, where appropriate, for better alignment of interests and investment returns. The significant change from prior year was mainly due to the unrealized mark-to-market losses of the Group's seed capital investments given the challenging market environment faced by all asset managers.

Investments in joint ventures

In 2017, the Group set up the Value Partners Asia Pacific Real Estate Limited Partnership[4] (the "Real Estate Partnership") to engage in real estate private equity business. As at 31 December 2022, the Real Estate Partnership held four logistic centers located in Japan and two commercial property projects located in Australia through three joint ventures in which the Group had 50%, 50% and 15% equity interest, respectively (As at 31 December 2021, the Real Estate Partnership held three logistic centers located in Japan and one commercial property project located in Australia through two joint ventures in which the Group had 50% and 50% equity interest, respectively). The Group's share of losses amounted to HK$25.3 million (2021: a gain of HK$40.5 million), which consisted of property revaluation losses totaled HK$35.9 million due to the impact of the property acquisition cost (2021: a gain of HK$30.2 million), rental income less outgoings of HK$33.4 million (2021: HK$22.2 million) and foreign exchange losses of HK$22.8 million (2021: HK$11.9 million).

Significant investments

As at 31 December 2022, the Group held 12,621,960 units (31 December 2021: 12,621,914 units) or 27.8% (31 December 2021: 25.9%) in Value Gold ETF, which is a fund listed on the Stock Exchange of Hong Kong Limited aiming to provide investment results that closely correspond to the performance of the London Bullion Market Association Gold Price. The investments, representing 10.0% (31 December 2021: 8.4%) of the Group's total assets with a fair value of HK$474.9 million (31 December 2021: HK$477.7 million) and a cost of HK$420.3 million (31 December 2021: HK$420.3 million), are for alignment of investors' interests and investment returns. For the year ended 31 December 2022, the Group recorded a net unrealized investment loss amounted to HK$2.8 million (2021: HK$2.3 million) with respect to such investments.

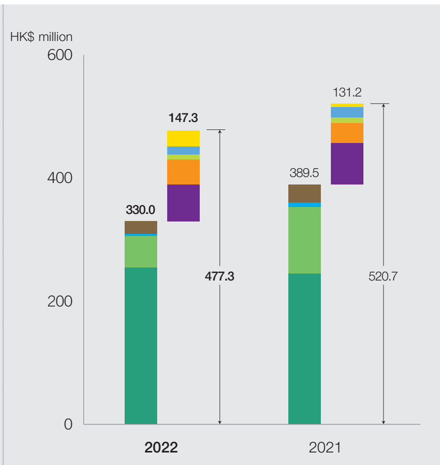
As at 31 December 2022, the Group held 4,970,998 units (31 December 2021: 4,982,102 units) in Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund[4] ("ICAV – GCHY Bond Fund") which represents 16.3% (31 December 2021: 7.5%) of the net asset value of Value Partners Ireland Fund ICAV. ICAV – GCHY Bond Fund primarily invests in a portfolio of fixed and floating rate bonds and other debt securities in the Greater China region. The investments, representing 7.5% (31 December 2021: 6.9%) of the Group's total assets with a fair value of HK$357.1 million (31 December 2021: HK$391.7 million) and a cost of HK$400.6 million (31 December 2021: HK$401.4 million), are primarily as seed capital investment and also for investment returns. For the year ended 31 December 2022, the Group received dividends amounted to HK$0.6 million (2021: HK$0.6 million) and recorded a net unrealized investment loss amounted to HK$33.8 million (2021: HK$46.0 million) with respect to such investments.

As at 31 December 2022, the Group held 661,923 units (31 December 2021: 2,059,604 units) in Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund ("VAIO Fund") which represents 2.5% (31 December 2021: 8.3%) of the net asset value of Value Partners Fund Series. VAIO Fund invests predominantly in Asian equity and fixed income securities of companies that are related to innovative technologies or business innovations. The investments, representing 1.6% (31 December 2021: 5.5%) of the Group's total assets with a fair value of HK$77.1 million (31 December 2021: HK$310.9 million) and a cost of HK$77.6 million (31 December 2021: HK$238.3 million), are for alignment of investors' interests and investment returns. For the year ended 31 December 2022, the Group recorded a net unrealized investment loss amounted to HK$73.1 million (2021: HK$28.8 million gain) and a net realized investment loss amounted to HK$2.1 million (2021: nil) with respect to such investments.

As at 31 December 2021, the Real Estate Partnership held a loan note with a related call option issued by a Finance Unit Trust (the "Finance Trust"). The proceeds from the loan note were used solely by the Finance Trust to invest in the units of another trust which holds a property in Australia. The loan note was held by the Group with a fair value of HK$691 million and a cost of HK$403.7 million and the fair value represented 12.2% of the Group's total assets as at 31 December 2021. On 24 May 2022, the loan note was early repaid by the Finance Trust with a consideration of AUD116.5 million (equivalent to HK$644 million). For the year ended 31 December 2022, the Group received interest income amounted to HK$8.6 million (2021: HK$29.9 million) and recognized a net realized investment gain of HK$239.8 million and a net unrealized investment loss of HK$291.3 million (2021: a net unrealized investment gain of HK$214.1 million) with respect to such loan note.

Cost management

Breakdown of total expenses	2022	2021
(In HK$ million)		
Compensation and benefit expenses		
Fixed salaries and staff benefits	**254.4**	244.8
Management bonus	**51.8**	108.1
Staff rebates	**3.1**	7.8
Share-based compensation expenses	**20.7**	28.8
Other expenses		
Other fixed operating costs	**60.0**	66.9
Information processing and communications	**40.4**	32.5
Sales and marketing	**7.8**	8.9
Depreciation, excluding depreciation of right-of-use assets – properties	**13.0**	17.1
Non-recurring expenses	**26.1**	5.8



Compensation and benefit expenses

During the year, fixed salaries and staff benefits increased by 3.9% to HK$254.4 million (2021: HK$244.8 million). The management bonus for 2022 totaled HK$51.8 million (2021: HK$108.1 million).

As part of its compensation policy, the Group distributes 20% to 23% of its annual realized net profit pool as a management bonus to employees. The realized profit pool is calculated by deducting certain adjustments from net result before management bonus and taxation. This discretionary management bonus is maintained to promote staff loyalty and performance while aligning employee and shareholder interests. Also, there is a deferral bonus plan (the "Plan") for employees. Each year, a portion of the management bonus awarded to certain employees of the Group will be under a deferral arrangement according to the Plan. The employee may elect to allocate all or part of the deferred amount into the nominated fund(s) managed by the Group or to retain the deferred amount in cash.

The staff of Value Partners is entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group. Staff rebates for the year amounted to HK$3.1 million (2021: HK$7.8 million).

During the year, the Group recorded expenses of HK$20.7 million (2021: HK$28.8 million), which were related to stock options granted to employees. This expense item had no impact on cash flow and was recognized in accordance with Hong Kong Financial Reporting Standards.

Other expenses

Other non-staff operating costs – such as rent, information processing and communications, legal and professional fees, investment research fees, and other administrative and office expenses – amounted to HK$100.4 million for the year (2021: HK$99.4 million), while sales and marketing expenses decreased to HK$7.8 million (2021: HK$8.9 million). Non-recurring expenses represented one-off expenditures on write-off of certain fee receivables, reimbursement of fund expenditures and special recruitment expenses.

The Group will continue to take a cautionary stance in cost management and has implemented measures such as resource realignment and ongoing cost control to manage future business headwinds. Despite adherence to strict cost management, the Group will also continue investment on key strategic growth areas in order to bolster our competitive advantage in the longer term.

Dividends

The Group has been adopting a consistent dividend distribution policy that takes into account the relatively volatile nature of asset management income streams. This policy states that dividends (if any) will be declared annually at the end of each financial year to better align dividend payments with the Group's full-year performance and its financial position.

For 2022, the Board of Directors recommended a final dividend of 3.4 HK cents per share to shareholders.

Liquidity and financial resources

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits and dividend income from investments held. At the end of 2022, the Group's balance sheet and cash positions remained strong, with a net cash balance of HK$1,666.5 million. Other than relevant borrowings pledged with property asset by the Real Estate Partnership of HK$76.1 million (31 December 2021: HK$82.6 million), the Group had no other corporate bank borrowings and did not pledge any other assets as collateral for overdrafts or other loan facilities. The Group's debt-to-equity ratio, measured by interest bearing external borrowings (excluding borrowings as mentioned above) divided by shareholders' equity, was zero, while its current ratio (current assets divided by current liabilities) was 8.7 times (2021: 6.9 times).

Capital structure

As at 31 December 2022, the Group's shareholders' equity and total number of shares issued were HK$4,494.2 million and 1.83 billion, respectively.

1. *Overall fund performance is calculated by taking an asset-weighted average of returns of the most representative share class of all funds managed by Value Partners.*
2. *Annual calendar returns of Value Partners High-Dividend Stocks Fund (Class A1) over the past five years: 2018: -14.2%; 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023 (Year to date as at 28 February): +5.2%.*
3. *Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022: -28.1%; 2023 (Year to date as at 28 February): +2.1%.*
4. *Value Partners Asia Pacific Real Estate Limited Partnership and Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund are not authorised by SFC and are not available to the general public in Hong Kong.*

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

Biographies of directors and senior management

Board of Directors

CHEAH Cheng Hye MAoF

Co-Chairman and Co-Chief Investment Officer

Dato' Seri CHEAH Cheng Hye, aged 69, is Co-Chairman and Co-Chief Investment Officer of Value Partners Group. He is in charge of Value Partners' fund management and investment research, business operations, product development and corporate management. He sets the Group's overall business and portfolio strategy.

Dato' Seri CHEAH has been in charge of Value Partners since he co-founded the firm in February 1993 with his partner, Mr. V-Nee YEH. Throughout the 1990s, he held the position of Chief Investment Officer and Managing Director of Value Partners, responsible for managing both the firm's funds and business operation. He led Value Partners to a successful listing on the Main Board of the Hong Kong Stock Exchange in 2007. The firm became the first asset management company listed in Hong Kong. Dato' Seri CHEAH has more than 30 years of investment experience, and is considered one of the leading practitioners of value-investing in Asia and beyond. Value Partners and he personally have received numerous awards – a total of more than 200 professional awards and prizes since the firm's inception in 1993.

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

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

Dato' Seri CHEAH was named by *Asia Asset Management* as one of the top 25 leaders over the past 25 years in Asia's asset management industry in 2021. He was named "Outstanding Manager of the Year – Greater China equity category" in the Fund of the Year Awards 2017 by *Benchmark*, and co-winner of "CIO of the Year in Asia" along with Mr. Louis SO in the 2011 Best of the Best Awards by *Asia Asset Management*. In 2010, he was named by *AsianInvestor* as one of the Top-25 Most Influential People in Asian Hedge Funds. In 2009, he was named by *AsianInvestor* as one of the 25 Most Influential People in Asian Asset Management. He was also named "Capital Markets Person of the Year" by *FinanceAsia* in 2007, and in 2003, he was voted the "Most Astute Investor" in the Asset Benchmark Survey.

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

SO Chun Ki Louis

Co-Chairman and Co-Chief Investment Officer

Mr. Louis SO, aged 47, is Co-Chairman and Co-Chief Investment Officer of Value Partners Group. He works closely with Dato' Seri CHEAH Cheng Hye on all aspects of providing leadership to Value Partners, including overseeing all group affairs and activities, daily operations and overall management of the Group's investment management team. He leads the Group's investment process, with a high degree of responsibility over portfolio management.

Mr. SO has over 23 years of asset management experience, with a solid track record in research and portfolio management. He joined the Group in May 1999 and was promoted to take up various research and fund management roles since then. He was appointed Co-Chairman of the Group on 26 April 2019. His extensive management capability and on-the-ground experience helped the Group establish an unparalleled research and investment team.

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

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

HUNG Yeuk Yan Renee

Senior Investment Director

Ms. Renee HUNG, aged 48, is Senior Investment Director of Value Partners. She is a leader in the Group's investment process, with a high degree of responsibility over portfolio management.

Ms. HUNG has over 24 years of asset management experience, with a solid track record in research and portfolio management. She joined Value Partners as an Analyst in April 1998. She was promoted to the roles of Fund Manager and Senior Fund Manager in 2004 and 2005, respectively. In 2009, she was promoted to her current role.

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

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

HO Man Kei, Norman CFA

Senior Investment Director

Mr. Norman HO, aged 56, is Senior Investment Director of Value Partners. He is a leader in the Group's investment process, with a high degree of responsibility over portfolio management.

Mr. HO has over 32 years of asset management and financial industry experience, with a solid track record in research and portfolio management. Mr. HO joined Value Partners in November 1995. He was promoted to the roles of Investment Director and Senior Investment Director in 2010 and January 2014, respectively. Mr. HO is a member of the Board of Directors of Value Partners Group, and is also a director of certain subsidiaries of the Group.

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

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

WONG Wai Man June
Chief Executive Officer

Ms. June WONG, aged 56, is Chief Executive Officer of Value Partners Group, responsible for managing the Group's overall business, corporate strategy and operations. She is also a member of the Group's Leadership Committee alongside the Group's Co-Chairmen.

Ms. WONG joined Value Partners in October 2021. She is an esteemed industry veteran with three decades of experience and expertise in the finance, actuarial and asset management industries across Asia. Most recently, she was Asia ex-Japan CEO for State Street Global Advisors. Before that, she served as Vice Chairman for Asia Pacific at Columbia Threadneedle. Prior to such, she served as Senior Managing Director and Head of Asia ex-Japan Institutional Business at AllianceBernstein and Head of Business Development at HSBC Asset Management.

Ms. WONG currently serves on the Advisory Committee of the Securities and Futures Commission of Hong Kong. She holds a Bachelor degree in Economics from Macquarie University, Australia. She is a Fellow of both the Institute of Actuaries of Australia as well as the Actuarial Society of Hong Kong.

Independent Non-executive Directors

CHEN Shih-Ta Michael

Dr. Michael Shih-Ta CHEN, aged 77, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

Currently, Dr. CHEN serves as an Adjunct Professor of Management and of Public Policy both at The Hong Kong University of Science and Technology. He is also an Advisor of the Thompson Center for Business Case Studies at The Hong Kong University of Science and Technology, and a Senior Advisor to the Director of the Case Research Center at Peking University, Guanghua School of Management. He is an Emeritus Member of Harvard Business School's Asia-Pacific Advisory Board and was a Research Scholar at Central Bank of Indonesia Institute. He was appointed as a member of the Investment Committee of the Croucher Foundation in Hong Kong in January 2015. He was the Executive Director of the Harvard Business School Asia Pacific Research Center, the first international research office established by the Harvard Business School. Prior to joining the Center in October 2005, he worked in both the private and public sectors. Previously, he served as Head of the Risk Management Unit of the Private Sector Operations Department of the Asian Development Bank from 2005 to 2014, Head of International Private Banking in Hong Kong of Standard Chartered Bank, and Regional Director of National Westminster Bank in addition to senior positions at Citibank. He served on the boards of a number of companies invested by the Asian Development Bank. He also wrote cases and taught at various educational entities and universities.

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

Nobuo OYAMA

Mr. Nobuo OYAMA, aged 69, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

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

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

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

WONG Poh Weng

Mr. WONG Poh Weng, aged 70, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 14 August 2018.

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

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

Other senior management members

Investment Management Team

IP Ho Wah Gordon CFA
Chief Investment Officer, Fixed Income

Mr. Gordon IP, aged 52, is Chief Investment Officer, Fixed Income of Value Partners, where he oversees the firm's credit and fixed income investments and portfolio management. He has over 27 years of experience investing across fixed income sectors. Mr. IP joined Value Partners in August 2009 as a Fund Manager and was promoted to the roles of Senior Fund Manager and Investment Director in 2015 and 2016, respectively. In July 2017, he was promoted to his current role.

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

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

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

TSUI Fook Wang, Frank
Head of ESG Investment

Mr. Frank TSUI, aged 42, is a senior member of the Value Partners Research and Portfolio Management Team. He is responsible for the Group's investment process and strategies, as well as investment team's communications. He has over 19 years of financial industry experience.

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

Mr. TSUI joined Value Partners in September 2015 as a Fund Manager, and was promoted to Senior Fund Manager in 2019. Being the key member to establish the Group's Responsible Investing Policy since 2017, he was appointed as the Head of ESG Investment in November 2020.

Prior to joining Value Partners, he was a Director at UBS Wealth Management responsible for portfolio management for ultra-high-net-worth investors. Before joining UBS, he was a Vice President with Merrill Lynch Global Wealth Management where he was responsible for managed products and equities advisory for North Asia business. Earlier, he was Head of Investment Centre, Direct Business at J.P. Morgan Asset Management.

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

Business Management Team

CHEUNG Wan May Wimmie

General Counsel

Ms. Wimmie CHEUNG, aged 47, is Value Partners' General Counsel. She leads the legal team and oversees all legal affairs for the Group.

Ms. CHEUNG is an experienced legal professional with over 20 years in the field. She joined Value Partners in August 2005 as Legal Advisor. She was promoted to Senior Legal Advisor in 2007 and Head of Legal in January 2010.

Prior to joining Value Partners, Ms. CHEUNG was a Corporate Counsel with a group of companies listed on the Main Board of the Stock Exchange of Hong Kong Limited.

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

LAM Mei Kuen Winnie

Chief Operating Officer

Ms. Winnie LAM, aged 55, is Chief Operating Officer of Value Partners. She oversees the Group's overall operations and back office functions, covering finance, information technology, fund operations, product development, as well as administration across the Group's Hong Kong headquarters and overseas offices.

Ms. LAM joined Value Partners in July 2021. She is an esteemed industry veteran with more than 30 years of experience in the fund management and financial services industry across Asia. Most recently, she spent 14 years as the Head of Operations, Asia at First Sentier Investors (formerly known as First State Investments), based in Hong Kong. Before this, she was Head of Settlement and Fund Administration at Lloyd George Management, and headed up the teams on operations control and data management at J.P. Morgan Securities. Before that, Ms. LAM has held various senior positions in fund management companies, investment banks and financial services firms, including Kerry Investment Management, Kerry Securities and American Express.

Ms. LAM graduated from the University of South Australia with a Master's degree in Business Administration, and obtained a Bachelor's degree in Business Studies from the City University of Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Association of Chartered Certified Accountants ("ACCA").

LEE Vivienne

Chief Compliance Officer

Ms. Vivienne LEE, aged 49, is Chief Compliance Officer of Value Partners, where she oversees the Group's compliance function.

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

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

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

SUN Chi Kin Samuel

Chief Risk Officer

Mr. Samuel SUN, aged 55, is Chief Risk Officer and Managing Director of Value Partners. He manages and oversees the overall risk management function across the Group's Hong Kong headquarter and overseas offices. He also provides leadership in the Group's risk management.

Mr. SUN is a seasoned industry executive with over 25 years of experience in risk management. He joined Value Partners from Manulife Investment Management, where he was the Chief Risk Officer (Asia) and developed the company's overall risk management framework and operations across regional offices. Before joining Manulife, he was the Head of Risk Management (Asia) at Allianz Global Investors. Prior to that, he was the Associate Director of Risk Management at HSBC Investments (Hong Kong), responsible for the company's risk function.

Mr. SUN graduated from the Keele University in the UK, with a Master Degree in Business Administration.

Report of the directors

The Board of Directors (the "Board" or the "Directors") of Value Partners Group Limited (the "Company", together with its subsidiaries, the "Group") is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

Principal activities

The Company is an investment holding company. The Group is principally engaged in value-oriented asset management businesses. The activities of its principal subsidiaries are set out in Note 15 to the consolidated financial statements.

Results

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on page 95.

Dividend

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of 3.4 HK cents per share for the year ended 31 December 2022 to the shareholders whose names are registered on the register of members of the Company on 9 May 2023. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2023, the final dividend will be payable on or about 25 May 2023. Dividend per share is declared based on the Group's dividend policy.

Summary of results, assets and liabilities

Summary of results, assets and liabilities for the years of 2018 to 2022 are set out on page 2 of this report.

Share issued in the year

Details of the shares issued in the year ended 31 December 2022 are set out in Note 26 to the consolidated financial statements.

Save as disclosed in the section headed "Share Option Scheme" below, no equity-linked agreement was entered into by the Company, or subsisted during the year.

Reserves

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

As at 31 December 2022, the Company's distributable reserve was approximately HK$2,432,958,000.

Charitable contributions

During the year, the Group made charitable contributions totalling HK$162,000.

Board of Directors

During the year ended 31 December 2022 and up to the date of this report the Board comprised:

Executive Directors

Dato' Seri CHEAH Cheng Hye *(Co-Chairman)*
Mr. SO Chun Ki Louis *(Co-Chairman)*
Ms. HUNG Yeuk Yan Renee
Mr. HO Man Kei, Norman
Ms. WONG Wai Man June (appointed on 24 January 2022)

Independent Non-executive Directors

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

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

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

Biographical details of the Directors as at the date of this annual report are set out on pages 21 to 24.

Directors' service contracts

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

Each of the Independent Non-executive Directors has entered into a service contract with the Company for one year commencing on 22 November 2022 and either the Company or the Independent Non-executive Director may terminate the appointment by giving at least three months' notice in writing.

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

Directors' interests in shares, underlying shares and debentures

As at 31 December 2022, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which had been required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

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

Name of Director	Nature of interest	Number of Shares	Approximate percentage of issued Shares (For number of Shares only)	Number of underlying Shares in which the Directors hold under the share option schemes[3]	Approximate percentage of issued Shares (For the aggregate number of Shares and the underlying Shares under the share option schemes)
Dato' Seri CHEAH Cheng Hye	Founder of trust/ beneficial[1]	403,730,484	22.10%	–	22.10%
	Beneficial	60,733,516	3.32%	1,855,000	3.42%
Mr. SO Chun Ki Louis	Beneficial	15,765,723	0.86%	42,162,000	3.17%
Ms. HUNG Yeuk Yan Renee	Founder of trust[2]	16,870,583	0.92%	–	0.92%
	Beneficial	1,200,000	0.06%	13,316,000	0.79%
Mr. HO Man Kei, Norman	Beneficial	13,621,132	0.74%	13,316,000	1.47%
Ms. WONG Wai Man June	Beneficial	–	–	9,250,000	0.50%
Dr. CHEN Shih-Ta Michael	Beneficial	–	–	350,000	0.01%
Mr. Nobuo OYAMA	Beneficial	500,000	0.02%	350,000	0.04%
Mr. WONG Poh Weng	Beneficial	–	–	350,000	0.01%

Notes:

(1) These Shares are directly held by Cheah Capital Management Limited ("CCML") which is wholly-owned by Cheah Company Limited ("CCL") which is in turn wholly-owned by BNP Paribas Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited as trustee for a discretionary trust, the discretionary objects of which include Dato' Seri CHEAH Cheng Hye and certain members of his family. For the purposes of the SFO, Dato' Seri CHEAH Cheng Hye is the founder of this trust. The ultimate holding company of BNP Paribas Jersey Trust Corporation Limited is BNP Paribas SA.

(2) These Shares are directly held by Bright Starlight Limited which is wholly-owned by Scenery Investments Limited which is in turn wholly–owned by East Asia International Trustees Limited, a company incorporated in the British Virgin Islands, as trustee for a discretionary trust, the discretionary objects of which include certain members of the family of Ms. HUNG Yeuk Yan Renee.

(3) The number of underlying Shares in which the Directors hold under the share option schemes are detailed in "Share options" section below.

(b) Share options

The Company adopted a share option scheme on 24 October 2007 (and as amended on 15 May 2008) and expired on 24 October 2017 (the "2007 Share Option Scheme"). All outstanding options granted under the 2007 Share Option Scheme will continue to be valid and exercisable in accordance with the principal terms of the 2007 Share Option Scheme. The Company adopted a new share option scheme at the annual general meeting held on 4 May 2017 (the "2017 Share Option Scheme"). A summary of the movements of the outstanding share options during the year ended 31 December 2022 is as follows:

Grantee	Date of grant[4]	Exercise period	Exercise price (HK$)	As at 01/01/2022	Number of Share Options Granted[5]	Exercised	Lapsed	As at 31/12/2022
Directors								
Dato' Seri CHEAH Cheng Hye	23/11/2020	23/05/2022-22/08/2026	4.14	927,500	–	–	–	927,500
		23/11/2023-22/08/2026	4.14	927,500	–	–	–	927,500
Mr. SO Chun Ki Louis	15/10/2018	15/04/2019-14/04/2025	5.87	6,000,000	–	–	–	6,000,000
		15/04/2020-14/04/2025	5.87	6,000,000	–	–	–	6,000,000
		15/04/2021-14/04/2025	5.87	6,000,000	–	–	–	6,000,000
	23/11/2020	23/05/2022-22/08/2026	4.14	12,081,000	–	–	–	12,081,000
		23/11/2023-22/08/2026	4.14	12,081,000	–	–	–	12,081,000
Ms. HUNG Yeuk Yan Renee	23/11/2020	23/05/2022-22/08/2026	4.14	6,658,000	–	–	–	6,658,000
		23/11/2023-22/08/2026	4.14	6,658,000	–	–	–	6,658,000
Mr. HO Man Kei, Norman	23/11/2020	23/05/2022-22/08/2026	4.14	6,658,000	–	–	–	6,658,000
		23/11/2023-22/08/2026	4.14	6,658,000	–	–	–	6,658,000
Ms. WONG Wai Man June	11/03/2022	11/09/2023-10/03/2027	3.47	–	4,625,000	–	–	4,625,000
		11/03/2025-10/03/2027	3.47	–	4,625,000	–	–	4,625,000
Dr. CHEN Shih-Ta Michael	31/05/2012	31/05/2013-30/05/2022	3.94	66,667	–	–	(66,667)	–
		31/05/2014-30/05/2022	3.94	66,667	–	–	(66,667)	–
		31/05/2015-30/05/2022	3.94	66,666	–	–	(66,666)	–
	23/11/2020	23/05/2022-22/08/2026	4.14	175,000	–	–	–	175,000
		23/11/2023-22/08/2026	4.14	175,000	–	–	–	175,000
Mr. Nobuo OYAMA	23/11/2020	23/05/2022-22/08/2026	4.14	175,000	–	–	–	175,000
		23/11/2023-22/08/2026	4.14	175,000	–	–	–	175,000
Mr. WONG Poh Weng	23/11/2020	23/05/2022-22/08/2026	4.14	175,000	–	–	–	175,000
		23/11/2023-22/08/2026	4.14	175,000	–	–	–	175,000
Other employees in aggregate[3]	31/05/2012	31/05/2013-30/05/2022	3.94	100,000	–	–	(100,000)	–
		31/05/2014-30/05/2022	3.94	100,000	–	–	(100,000)	–
		31/05/2015-30/05/2022	3.94	100,000	–	–	(100,000)	–
	15/10/2018	15/04/2019-14/04/2025	5.87	833,333	–	–	–	833,333
		15/04/2020-14/04/2025	5.87	833,333	–	–	–	833,333
		15/04/2021-14/04/2025	5.87	833,334	–	–	–	833,334
	23/11/2020	23/05/2022-22/08/2026	4.14	4,805,000	–	–	(1,550,000)	3,255,000
		23/11/2023-22/08/2026	4.14	4,805,000	–	–	(1,550,000)	3,255,000
	12/03/2021	12/09/2022-11/12/2026	5.55	4,000,000	–	–	–	4,000,000
		12/03/2024-11/12/2026	5.55	4,000,000	–	–	–	4,000,000
Total				92,309,000	9,250,000	–	(3,600,000)	97,959,000

Notes:

1. The closing prices of the Shares immediately before the share options granted on 31 May 2012, 15 October 2018, 23 November 2020, 12 March 2021 and 11 March 2022 were HK$3.90, HK$5.87, HK$4.14, HK$5.55 and HK$3.26 respectively.
2. No share option was cancelled during the year.
3. Eligible employees are working under employment contracts that are regarded as "continuous contracts" for the purpose of the Employment Ordinance.
4. The vesting period of the share options is from the respective date of grant up to the date immediately preceding the commencement date of the exercise period.
5. For the fair value of share options granted during the year, please refer to Note 26 to the consolidated financial statements.

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

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

Substantial shareholders' interests

As at 31 December 2022, the following persons (other than a Director) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the shares under the SFO

Name	Nature of interest	Number of Shares held/ interested	Approximate percentage of issued Shares held/interested (For number of Shares only)	Number of underlying Shares under the share option schemes	Approximate percentage of issued Shares (For the aggregate number of Shares and the underlying Shares under the share option schemes)
Ms. TO Hau Yin[(1)]	Spouse	464,464,000	25.42%	1,855,000	25.52%
Mr. YEH V-Nee	Beneficial	298,805,324	16.35%	–	16.35%
Mrs. YEH Mira[(2)]	Spouse	298,805,324	16.35%	–	16.35%
Cheah Capital Management Limited[(3)]	Beneficial	403,730,484	22.10%	–	22.10%
Cheah Company Limited[(3)]	Corporate	403,730,484	22.10%	–	22.10%
BNP Paribas Jersey Nominee Company Limited[(3)]	Nominee	403,730,484	22.10%	–	22.10%
BNP Paribas Jersey Trust Corporation Limited[(3)]	Trustee	403,730,484	22.10%	–	22.10%
Haitong Securities Co., Ltd.[(4)]	Corporate	187,943,000	10.28%	–	10.28%

Notes:

(1) Ms. TO Hau Yin is the spouse of Dato' Seri CHEAH Cheng Hye.

(2) Mrs. YEH Mira is the spouse of Mr. YEH V-Nee.

(3) Cheah Capital Management Limited ("CCML") is wholly-owned by Cheah Company Limited ("CCL") which in turn is wholly-owned by BNP Paribas Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited as trustee for a discretionary trust, the discretionary objects of which include Dato' Seri CHEAH Cheng Hye and certain members of his family. For the purposes of the SFO, Dato' Seri CHEAH Cheng Hye is the founder of this trust. The ultimate holding company of BNP Paribas Jersey Trust Corporation Limited is BNP Paribas SA.

(4) Haitong Securities Co., Ltd. is deemed to be interested in the 187,943,000 Shares pursuant to the SFO, 187,943,000 Shares are held by the discretionary account in name of Haitong International Finance Company Limited managed by Haitong International Asset Management (HK) Limited, Haitong International Asset Management (HK) Limited is a wholly-owned subsidiary of Haitong International Securities Group Limited (a company listed on the Main Board of the Stock Exchange with stock code 665), which is in turn indirectly owned as to 64.40% by Haitong Securities Co., Ltd.

Directors’ interests in transactions, arrangements or contracts of significance

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

Share options

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

1. Purpose of the 2017 Share Option Scheme

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

2. Participants of the 2017 Share Option Scheme

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

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

185,171,483 shares (10.13%)

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

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

(a) 1% of the issued share capital (excluding substantial shareholders and Independent Non-executive Directors); and

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

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

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

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

6. The vesting period of options granted under the 2017 Share Option Scheme

Nil

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

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

8. The basis of determining the exercise price

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

(a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of the Shares.

9. The remaining life of the 2017 Share Option Scheme

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

Connected transactions and continuing connected transactions

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

Disclosure of information of Directors

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

- The monthly salary of Dato' Seri CHEAH Cheng Hye was revised to HK$367,730 with effect from 1 January 2023.
- The monthly salary of Mr. SO Chun Ki Louis was revised to HK$365,500 with effect from 1 January 2023.
- The monthly salary of Ms. HUNG Yeuk Yan Renee was revised to HK$212,560 with effect from 1 January 2023.
- The monthly salary of Mr. Ho Man Kei, Norman was revised to HK$212,560 with effect from 1 January 2023.
- The monthly salary of Ms. WONG Wai Man June was revised to HK$272,130 with effect from 1 January 2023.
- The annual remuneration of each of Dr. CHEN Shih-Ta Michael, Mr. Nobuo OYAMA and Mr. WONG Poh Weng was revised to HK$372,600 with effect from 22 November 2022.

Management contracts

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

Directors' and the five highest-paid individuals' emoluments

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

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China and overseas are required to participate in central pension schemes operated by the local government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Pension costs for the year are set out in Note 8 to the consolidated financial statements. As at 31 December 2022, the Group had no material contributions available to reduce its contributions to the pension schemes in future years.

Sufficiency of public float

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

Purchase, redemption or sale of listed shares of the Company

The Company purchased a total of 23,273,000 shares on the Stock Exchange during the year ended 31 December 2022 and the aggregate consideration paid was approximately HK$58,246,000. As at 31 December 2022, the total number of shares in issue was 1,826,709,831. All the purchased shares were cancelled. The Board believes the repurchase of the shares and subsequent cancellation of the repurchased shares can enhance the value of the shares and lead to an enhancement of the return to shareholders of the Company. In addition, the Board believes that the repurchase of the shares reflects the Company's confidence in its long term business prospects for the benefit of the Company and its shareholders as a whole. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of shares repurchased	Price paid per share		Aggregate consideration
		Highest	Lowest	
		HK$	*HK$*	*HK$*
March 2022	4,576,000	3.50	2.83	14,879,000
April 2022	3,987,000	3.31	2.81	11,556,000
May 2022	3,795,000	3.05	2.71	10,934,000
June 2022	75,000	2.96	2.96	222,000
October 2022	10,272,000	1.98	1.81	19,540,000
November 2022	568,000	1.99	1.86	1,115,000
Total	23,273,000			58,246,000

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year.

The Board may exercise its powers to buy back the shares in the open market under the general mandate to buy back shares when the trading price of the shares does not reflect their intrinsic value.

Pre-emptive rights

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

Major customers and suppliers

The Group's five largest customers (in terms of AUM as of 31 December 2022) accounted for 36% of the Group's total fee income, and the Group's five largest suppliers accounted for 33% of the Group's distribution fee expenses for the year ended 31 December 2022.

The Group's largest customer (in terms of AUM as at the end of year) accounted for approximately 12% of the Group's total fee income whereas the Group's largest supplier accounted for approximately 15% of total distribution fee expenses for the year ended 31 December 2022.

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

Relationship with stakeholders

The Group recognizes that employees, customers and business partners are key to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate training and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfilment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products and services in a way that satisfies the needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively.

The Group is also dedicated to develop and maintain good and long term relationships with suppliers and contractors to ensure stability of the Group's business.

Business review

Particulars of a discussion and analysis on the matters specified in Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the Group's business, a discussion on the principal risks and uncertainties faced by the Group, particulars of important events affecting the Group for the year ended 31 December 2022, and an indication of likely future development in the Group's business are set out in this section and the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Financial Review", "Corporate governance report", "Environmental, social and governance report" and "Consolidated financial statements" of this Annual Report. The above sections form an integral part of this Report of the Directors.

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

Disclosures on risk management and environmental policies

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

Auditor

The consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for reappointment.

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

On behalf of the Board
Dato' Seri CHEAH Cheng Hye
Co-Chairman and Co-Chief Investment Officer

Hong Kong, 16 March 2023

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

In the Directors' opinion, the Company has complied with the code provisions of the Corporate Governance Code (the "Corporate Governance Code") as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year of 2022. The Company continued to maintain high standards of corporate governance and business ethics, and to ensure the full compliance of our operations with applicable laws and regulations.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. The Company, having made specific enquiries of all the Directors, was not aware of any non-compliance with the Model Code by the Directors during the year of 2022. The blackout periods in respect of transactions in securities of the Company by Directors also apply to all staff of the Group.

Board of Directors

As at the date of this report, the Board consists of eight Directors, including Dato' Seri CHEAH Cheng Hye (Co-Chairman), Mr. SO Chun Ki Louis (Co-Chairman), Ms. HUNG Yeuk Yan Renee, Mr. HO Man Kei, Norman and Ms. WONG Wai Man June as Executive Directors and Dr. CHEN Shih Ta Michael, Mr. Nobuo OYAMA and Mr. WONG Poh Weng as Independent Non-executive Directors. The Board of which over one third of the Board members are Independent Non-executive Directors, is responsible for overseeing and directing the senior management of the Company. The major duties of the Board include:

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

In 2022, the Board reviewed the following corporate governance matters:

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

All Directors have separate and independent access rights to the senior management about the conduct of the business and development of the Group. In order to facilitate the Directors in discharging their duties, a monthly management report covering key financial highlights, income and expense analysis, movement and analysis of Assets Under Management will be circulated to the Directors on a timely basis for their review and management team will address any questions that the Directors may have regarding the Group's operating result.

The Board held 6 meetings in 2022 and the attendance record of each Director at the board meetings is set out below:

	No. of board meetings attended/held during the Directors' term of office
Executive Directors	
Dato' Seri CHEAH Cheng Hye *(Co-Chairman)*	6/6
Mr. SO Chun Ki Louis *(Co-Chairman)*	6/6
Ms. HUNG Yeuk Yan Renee	6/6
Mr. HO Man Kei, Norman	6/6
Ms. WONG Wai Man June *(Note)*	5/5
Independent Non-executive Directors	
Dr. CHEN Shih-Ta Michael	6/6
Mr. Nobuo OYAMA	6/6
Mr. WONG Poh Weng	6/6

Note: Ms. WONG Wai Man June was appointed as Executive Director on 24 January 2022.

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

Both Co-Chairmen had regular meetings with the Independent Non-executive Directors without the presence of other Executive Directors in 2022.

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

According to the records provided by the Directors, a summary of training received by the Directors during 2022 is as follows:

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

Note:

A: Attending seminars/webinar and/or courses relating to updates and development on fund management business

B: Reading materials relating to regulatory, economy and industry updates

During the year, the Company Secretary received no less than 15 hours of relevant professional training to update his skills and knowledge.

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

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

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

Co-Chairmen and Chief Executive Officer

Co-Chairman of the Board, Dato' Seri CHEAH Cheng Hye, chairs all the board meetings and the annual general meeting. He is leading the overall business and investment strategies of the Group. Mr. SO Chun Ki Louis, Co-Chairman of the Board, who is mainly responsible for managing the Group's investment research and portfolio management functions, continues working closely with Dato' Seri CHEAH to oversee the overall business strategies of the Group. The Chief Executive Officer, Ms. WONG Wai Man June, is responsible for overall business development of the Group and takes up the role in devising corporate strategy, as well as managing the Company's business operations and corporate affairs.

Board committees

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

1. Audit Committee

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

The Audit Committee held four meetings in 2022. The Chief Executive Officer, Chief Operating Officer, the Chief Compliance Officer, the Chief Risk Officer, the Head of Internal Audit and the Company Secretary were normally invited to attend the meetings and representatives of the Auditor also joined three meetings involving the discussions of the Group's interim and annual results. The attendance records of each member at the Audit Committee meetings is set out below:

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

In 2022, the Audit Committee reviewed, discussed and/or approved the matters related to:

- The Group's interim and annual results, preliminary announcements and reports and periodic financial updates.
- The auditor's remuneration (including the non-audit services) and its terms of engagement.
- The digital transformation plan of the Group.
- The 2022 external and 2023 internal audit plans.
- The reports prepared by the Risk Management, Compliance and Internal Audit departments.

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

2. Remuneration Committee

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

The Remuneration Committee held four meetings in 2022. The attendance records of each member at the Remuneration Committee meetings is set out below:

	No. of Remuneration Committee meetings attended/held
Dr. CHEN Shih-Ta Michael *(Chairman)*	2/2
Dato' Seri CHEAH Cheng Hye	2/2
Mr. Nobuo OYAMA	2/2
Mr. SO Chun Ki Louis	2/2
Mr. WONG Poh Weng	2/2

In 2022, the Remuneration Committee reviewed, discussed and/or approved the issues related to:

- The remuneration level for Directors and senior management for the year 2023 which was based on individual performance with reference to an independent salary survey report and market intelligence.

- The bonus allocation to the Directors and senior management with reference to the Group's compensation policy and individual performance.

- The renewal of appointment letters of Independent Non-executive Directors.

- The proposed grant of share options.

- The remuneration package of Ms. WONG Wai Man June as new Executive Director (including the grant of share options to subscribe for up to a total of 9,250,000 new shares to her on 11 March 2022). In determining the grant of share options to Ms. WONG Wai Man June as part of her remuneration package and its appropriateness, the Remuneration Committee considered that the grant of share options to Ms. Wong as new Executive Director would encourage her to work towards enhancing the value of the Company and its shares, which is in line with the purpose of the 2017 Share Option Scheme and is for the benefit of the Company and its Shareholders as a whole. In particular, half of the options granted to Ms. Wong were subject to an 18 months' vesting period while the other half were subject to a 36 months' vesting period, so as to encourage long-term commitment to the Company.

The remuneration payable to the members of the senior management by band for the year ended 31 December 2022 is set out in Note 8 to the consolidated financial statements.

3. Nomination Committee

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

The Company has adopted the Board Diversity Policy which is available on the Company's website. The Board Diversity Policy aims to set out the approach to achieve diversity in the Company's Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Company recognizes the benefits of diversity in Board members and believes that Board diversity can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge and/or length of service. In forming the perspective on diversity, the Company also considers its own business model and specific needs from time to time. All Board appointments will be based on merits and each candidate is considered against objective criteria. The Nomination Committee assists the Board in reviewing the Board Diversity Policy and also reviewed the implementation and effectiveness of the procedures to ensure independent views and input are made available to the Board on a timely basis. As at the date of this report, the Board comprises eight Directors of which three of them are Independent Non-executive Directors, representing over one-third of the Board. All Independent Non-executive Directors devoted sufficient time to attend all meetings of the Board and the Board committees which he is a member, and have shared their independent views through the meetings. The Co-Chairmen also had private meeting with the Independent Non-executive directors without the presence of other Directors to listen to their independent views on issues concerning the Group. Upon reasonable request, independent professional advice could be provided to the Independent Non-executive Directors to assist them to perform their duties for the Company. Taking into account the above channels, the Nomination Committee considered its procedures remain effective and could promote critical review and control of the management process. In respect of the Company's progress on achieving the objectives of the Board Diversity Policy, the Board is characterised by significant diversity, whether considering in terms of gender, nationality, professional background and skills. As at the date of this report, the Board comprised six male Directors and two female Directors. In addition, the ratio of women to men in the workforce as at 31 December 2022 was approximately 51%: 49%. The Company considers there to be diversity across its Board and workforce in terms of gender mix, and has therefore not set quantitative targets to refine its gender mix to a specific ratio. With the objective of further optimising the gender diversity in mind, the Group will continue to take gender diversity into account in its ongoing recruitment process. Accordingly, the Board considered the objectives of the Board Diversity Policy to be achieved.

The Nomination Committee held two meetings in 2022. The attendance records of each member at the Nomination Committee meeting is set out below:

	No. of Nomination Committee meeting attended/held
Dato' Seri CHEAH Cheng Hye *(Chairman)*	2/2
Dr. CHEN Shih-Ta Michael	2/2
Mr. HO Man Kei, Norman	2/2
Mr. Nobuo OYAMA	2/2
Mr. WONG Poh Weng	2/2

In 2022, the Nomination Committee reviewed, discussed and/or approved the issues related to:

- Reviewing and recommending the structure, size and composition of the Board with reference to the Board Diversity Policy.

- Reviewing the Board Diversity Policy, as appropriate.
- Assessment of the independence of Independent Non-executive Directors.
- Offering recommendation to the Board on relevant matters relating to the re-appointment of Directors in the forthcoming annual general meeting.

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

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

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

During 2022, the Nomination Committee nominated and recommended Ms. WONG Wai Man June to the Board as an Executive Director and her appointment was approved by the Board on 24 January 2022. Apart from such nomination and recommendation, no new Director has been selected or recommended for directorship during 2022.

4. Risk Management Committee

The Company established the Risk Management Committee on 24 October 2007. The primary duties of the Risk Management Committee are to establish and maintain effective policies and guidelines to ensure proper management of risks to which the Group and its clients are exposed, and to take appropriate and timely action to manage such risks. As at 31 December 2022, the Risk Management Committee comprises, Mr. SUN Chi Kin Samuel, Mr. HO Man Kei, Norman, Ms. LAM Mei Kuen Winnie, Ms. LEE Vivienne, Ms. WONG Wai Man June and Ms. FIFI. The Risk Management Committee is chaired by Mr. SUN Chi Kin Samuel.

The Risk Management Committee held four meetings in 2022, of which Mr. HO Man Kei, Norman, Executive Director attended all four meetings and Ms. WONG Wai Man June, Executive Director attended three meetings. In the meetings, the members reviewed, discussed and/or approved the issues related to:

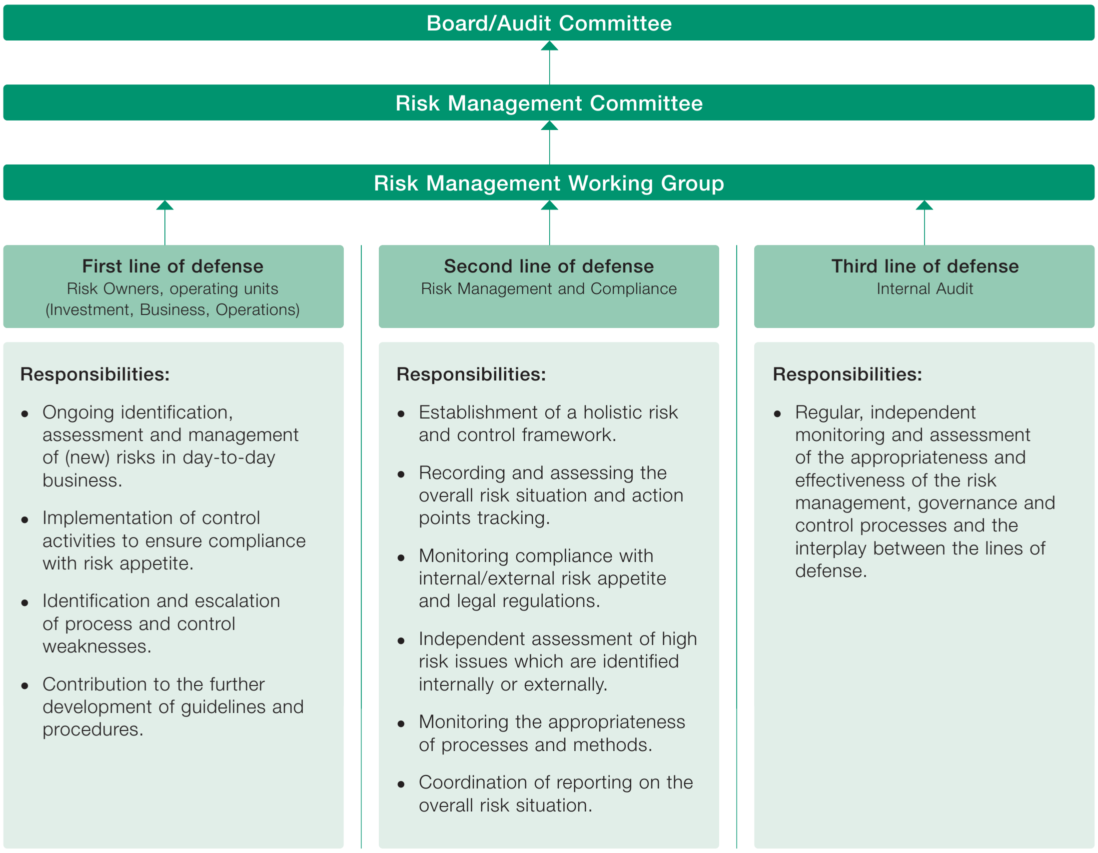
- The Group's risk management framework and system of internal control.
- Regular assessments on major risks.
- Various internal audit reports issued during the year.
- Review error reports.
- New business update.
- Information risk management update.
- Investment, reputation, liquidity and operation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

Risk Management and Internal Controls

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

The Group's risk management framework is guided by the "Three Lines of Defense" model as shown below:

Three Lines of Defense Model of Value Partners Group



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

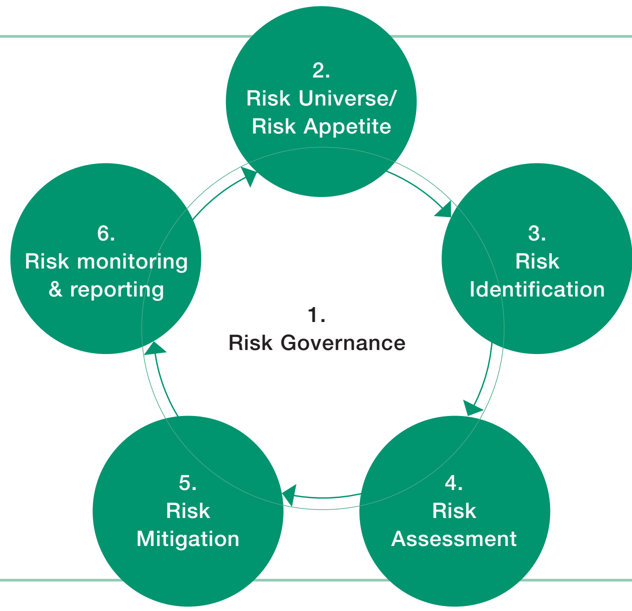
Group Internal Audit reports to the Audit Committee at regularly scheduled meeting throughout the year on the results of their activities during the preceding period pertaining to the adequacy and effectiveness of internal controls, including but not limited to, any indications of failings or material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

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

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

Risk Management Framework of Value Partners Group

- An effective risk management framework seeks to protect an organization and its shareholders without hindering growth.
- Well-run companies will have a comprehensive risk management framework in place to identify existing and potential risks and assess how to deal with them if they arise.
- Enterprise risk management (ERM) is a firm-wide strategy to identify and prepare for hazards in a company's finances, operations, and objectives.
- Risk identification, measurement, mitigation, reporting, monitoring, and governance are the six key components of an effective framework.



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

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

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

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

As a licensed corporation regulated by the SFC, the risk management systems of the Company has always been in place to promote and support anti-corruption laws and regulations by following the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) to comply with the statutory requirements under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance and the Securities and Futures Ordinance.

During 2022, the Risk Management Committee and Legal & Compliance department have continued to work closely with the operating units, senior management, and the directors to enhance the risk management systems, governance and internal controls. Such activities have included, amongst other matters, implementing the additional requirements of the Fund Manager Code of Conduct introduced by the Securities and Futures Commission (the "SFC"), enhancing portfolios risk management controls to monitor portfolios, introducing several new internal control procedures, clearly redefined roles and responsibilities, conducting a number of training sessions and workshops; further standardization of risk reporting and quantification; more closely aligning the assessment of internal controls with their potential risks; and increasing the depth and frequency of interaction with the designated directors on the Company's risk management system's design, operation, and findings. The Risk Management Committee and Compliance department have presented updated reports to the Board and the Audit Committee on the results of the risk management assessment and other control procedures that have been implemented to establish and maintain effective risk management and internal control systems. Such work has assisted the directors in the review of the effectiveness of the risk management and internal control systems of the Group during the year.

During 2022, Group Internal Audit conducted selective reviews of the effectiveness of the systems of risk management and internal controls of the Group over financial, operational and compliance controls. Additionally, the heads of major business and corporate functions of the Group were required to undertake control self-assessments of their key controls. These results were assessed by the Chief Executive Officer, Head of Risk Management and Head of Group Internal Audit and reported to the Audit Committee, which then reviewed and reported the same to the Board. During the year, key areas of focus included controls relevant to performance and portfolio analytics, client services and sales support, digital direct business, compliance, and valuation. The reviews revealed no serious shortcomings in the Groups' internal control systems within the year. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

Emolument policy and Directors' remuneration

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

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

Auditor's remuneration

The remuneration of the audit services rendered by the auditor of the Company was mutually agreed in view of the scope of services to be provided. The audit fee for the year ended 31 December 2022 was approximately HK$4.6 million. In addition, the auditor of the Company also provided non-audit services (which included tax compliance and other tax services, financial due diligence services and Environmental, Social and Governance report services) to the Group in 2022 and the fee was approximately HK$0.9 million.

Preparation of Financial Statements

The Directors acknowledge their responsibility for preparing consolidated financial statements of the Group for the year ended 31 December 2022 (the "Financial Statements").

Dividend Policy

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

Communication with Shareholders

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

During the year, the Company has reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the various existing channels of communication and shareholders' participation including general meetings, which provide a forum for shareholders of the Company to make comments and exchange views with the Board, publication of announcements, annual and interim reports and key corporate governance policies on the Stock Exchange and the Company's websites, and the availability of the latest corporate information on the Company's website for effective communication between the shareholders and the Company, the Company considers that the shareholders' communication policy has been properly implemented and effective during the year.

1. Information disclosure

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

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

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

2. General meetings with shareholders

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

The attendance records of each Director at the AGM for the year 2022 are set out below:

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

We had around 22 shareholders or their representatives that participated in our annual general meeting for the year 2022 and all the resolutions proposed were passed by poll voting in the meeting. Representatives of the auditor also attended this AGM. Poll results are made publicly available on the same day of the meeting, typically in the space of a few hours, to ensure the timely disclosure of information.

3. Shareholders' rights

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

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

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

The memorandum and articles of association of the Company is available on the Company's website. For the year ended 31 December 2022, the Company's articles of association were amended to bring them in alignment with the Core Shareholder Protection Standards set out in Appendix 3 of the Listing Rules, reflect certain updates in relation to the applicable laws of the Cayman Islands and Listing Rules and make corresponding and housekeeping amendments, which took effect upon the passing of a special resolution by the shareholders of the Company to approve the adoption of the new set of articles of association of the Company on 28 April 2022. For details of the amendments, please refer to the shareholders' circular of the Company dated 23 March 2022.

1. About the Report

The report discloses the sustainability initiatives demonstrated by the Group and in accordance with our reporting obligation under the ESG Reporting Guide set out in Appendix 27 of the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx"). Unless otherwise specified, the time frame of this report is 1 January 2022 to 31 December 2022.

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

2016

- First issuance of the ESG Report
- Raised HKD$250,000 in donations to the VIVA China Children's Cancer Foundation
- Donated items to the underprivileged and sponsored the Christmas Program organized by Heep Hong Society

2017

- Hosted multiple events to promote on employee well-being
- Organized "Team for Embracing Change" workshop as part of the learning and development initiatives
- Participated in a charity event with the HKGCC, and volunteered at Heep Hong Society events
- First time recipient of the Caring Company Award
- Took the initiative to establish initial framework for Responsible Investing

2018

- Hosted multiple events to promote on employee well-being
- Held "Synergy for Change" team building workshop for employees as part of the learning an development initiatives
- Raised funds for The Community Chest, and volunteered at Heep Hong Society events

2019

- Established Responsible Investment Policy
- Became a signatory of the United Nations Principles for Responsible Investment (PRI)
- Promoted employee well-being during Health Week, and introduced Employee Assistance Programme
- Volunteered at Heep Hong Society events

2020

- Implemented a variety of measures to address Covid-19 including Infections Disaster Response Team
- Donated HKD$500,000 to Leishenshan Hospital in Wuhan, China, and support Heep Hong Society virtual Flag Day
- Fostered industry talent development through internship programs and sponsor projects with HKUST, FSDC and HKSI

2021

- Established a proprietary ESG Scorecard tool and ramped up ESG coverage
- Promoted employee well-being by arranging activities to stay physically active
- Donated more than HKD$500,000 to charitable causes in Hong Kong and Malaysia
- Fostered industry talent development through internship programs and sponsor projects with HKUST and HKSI

2022

- Published Climate Disclosure policy
- Applied enhanced climate considerations across portfolios
- Sponsored HKSI Institute case competition and University Elite ESG Challenge 2023 to nurture the next generation in Hong Kong

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

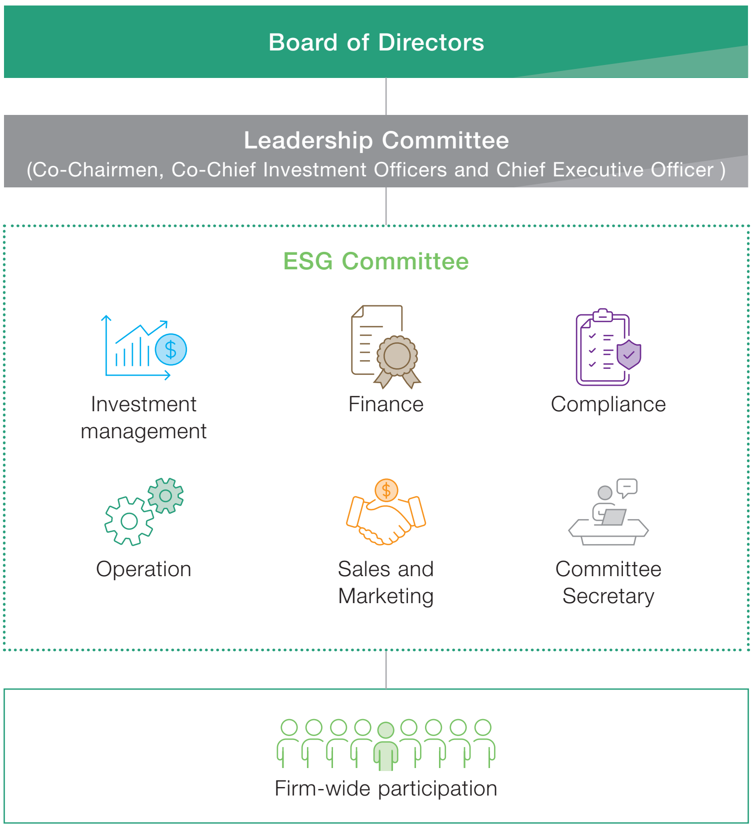
a. Board Statement

The Board of Directors (the "Board") provides the overall direction on management of sustainability issues and ESG risks. Furthermore, the Board along with the Leadership Committee will oversee the Group's ESG performance through drawing firmwide involvement in responsible investment practices. Collaborating with multiple functional areas on the integration and implementation of sustainability initiatives throughout the Group is another key area the Board focuses to ensure the ESG programs are carried out successfully and smoothly.

b. ESG Governance

Delegated by the Board, the ESG Committee ("the Committee") is formed to oversee the implementation and reporting on ESG related initiatives and subjects with active participation from each regional office. The Committee is chaired by the Head of ESG Investment and has involved key internal stakeholders, including senior members from the investment management team, finance, compliance, operations, sales and marketing units.

ESG Committee and Governance Structure



At the investment level, the Committee is responsible for reviewing the ESG risks of our portfolios, evaluating our engagement and voting activities and progressively articulating the responsible investing policy by leveraging the strengths from the four main components as described below.

Components of the ESG Committee

ESG Governance

Investment Team

The team consists of two dedicated ESG members being the Head of ESG Investment and an ESG Research Associate. Responsibilities of the team include developing the responsible investing policy, integrating ESG considerations in the Group's investment process, evaluating engagement and proxy voting activities, and providing ESG assessment report at the portfolio level. Regular meetings and trainings are held by the Head of ESG Investment to further our efforts in nurturing ESG practices and responsibilities.

Compliance and Risk

This function has a Chief Compliance Officer who reviews regulatory requirements of ESG initiatives and compliance and a Chief Risk Officer and a Direct of Investment Risk who monitors ESG risk across Value Partner's portfolios and brings such positions to the attention of the ESG Committee.

Chief Operating Officer Office (COO Office)

The COO Office is represented by Chief Operating Officer and the main responsibilities include providing group level ESG statistics, submission of UNPRI and related communications, and review third-party ESG service providers.

Sales and Marketing

This team is led by two Managing Directors and a Director who work on sales and strategic planning on the Group's ESG development, promoting on social media platforms, and conducting presentations regarding ESG initiatives.

To nurture a strong ESG culture, the Group provides ESG training to all employees. In 2022, an in-house training seminar was held for investment analysts and sales teams, which covered topics on ESG investment processes and ESG case studies. Two online ESG webinars organized by external parties covering topics on carbon neutrality, international sustainability disclosure standards and board diversity were also sourced for our staff to attend.

c. Stakeholder Engagement and Materiality Assessment

Value Partners engages with stakeholders through different means to understand their priorities and needs. On a regular basis, we conduct surveys to collect honest and open feedback from our various stakeholders. The key stakeholders for our business include our retail and institutional clients, the community, directors, employees, investors, government bodies and industry professional bodies.

Key Stakeholders and Communication Channel

Retail and institutional clients

- Client enquiry emails
- Client service hotline
- Surveys and feedback

Community

- Volunteer events
- Donations

Directors

- Board meetings
- Board Committees

Employees

- Employee performance appraisals
- Staff newsletters
- Team meals
- Trainings
- New staff orientations

Investors

- Company website
- General meetings
- Investor meetings
- Annual/interim reports
- Announcements

Government bodies

- Reports on compliance
- Email correspondence with government agencies

Industry professional bodies

- Seminars
- Networking events

This year, the Group has reviewed multiple sustainability reporting and assessment frameworks as well as industry peers both locally and internationally to identify and assess the material topics and trends relevant to our operations. Given our increasing focus on climate change management, diversity and equity practices and risk management practices, we have added three material topics in each of the ESG aspects. The materiality matrix indicates the importance of each topic based on the results of the stakeholder engagement survey, peer benchmarking and management assessment. Thirteen sustainability and social aspects have been identified in our exercise as shown in the materiality matrix below.

Value Partners Group Limited Materiality Matrix

Environmental	Social	Governance
◆ Environmental and Resources Management	◆ Employee Health and Safety	◆ Supply Chain Management
◆ Climate Change*	◆ Development and Training	◆ Responsible Investment Practices
	◆ Welfare and Labor Standards	◆ Ethical business behaviors
	◆ Customer Engagement and Satisfaction	◆ Information Security and Privacy
	◆ Community Involvement	◆ Risk Management*
	◆ Diversity, Equity and Inclusion*	

* *New topic added in 2022*

2. Operating Practices

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

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

We have a talented and dedicated team as our senior managers have worked in the Group for a substantial period of time. This demonstrates the talent stability and retention of key skills within the Company, which in turn, contributes to the effectiveness and cohesion of our team.

a. Responsible Investment Practices

It is our belief that integrating ESG analysis in our investment process can enhance our fundamental assessment framework and help to mitigate respective risks and identify business models that generate sustainable returns for our investors in the long run. Since 2019, ESG analysis has become an intrinsic part of the Group's investment process and our respective ESG policies such as our Responsible Investing Policy and Proxy Voting Policy were also published in the same year. These further enhanced the Group's investment philosophy that seeks to identify the 3Rs (the Right business run by the Right people and at the Right price) that have long been embedded in our overall investment principles since 1993. Among the 3Rs, governance is one of the major factors for assessing the Right People, which we believe is crucial to acting in the best interests of our shareholders and the society.

In addition to the Group's commitment in Responsible Investing, the Group continues to be a signatory of the United Nations Principles for Responsible Investment (PRI) since July 2019. We align our operations closely with the six principles outlined by the United Nations PRI as follows:

1. To integrate ESG matters into our investment analysis and decision-making process

2. To actively incorporate ESG matters into our own policies and practices

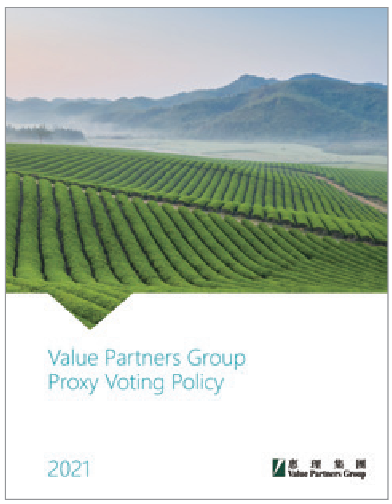
3. To appropriately disclose ESG matters on entities we invest in

4. To promote the implementation of the United Nations PRI within the investment industry

5. To enhance collaboration with others to effectively apply the Principles

6. To duly report our progress and activities on enacting the Principles

PRI Principles for Responsible Investment



Our Approach to Responsible Investment

We believe that ESG issues exert material influence on a company's long-term fundamentals, investment opportunities and risks. Therefore, we have undertaken a holistic approach to ESG analysis in our investment process as a result of developing our Responsible Investing Policy back in 2019 and continually building and ramping up our ESG proprietary assessment across our portfolios in the current year. Our continuous effort on establishing and improving the Responsible Investing Policy is presented as follows:

2019	2020	2021	2022
◆ Established the Responsible Investing Policy and principles ◆ Applied risk-based exclusion in our investment process ◆ Enhanced proxy voting activities	◆ Set up ESG Committee as the Group's governance body ◆ Established the dedicated ESG investment team to drive ESG integration ◆ Initiated and built proprietary ESG framework	◆ Ramped up ESG proprietary scorecard to 100% coverage rate, with scorecards built across our listed equities and fixed income strategies ◆ Built Responsible Investing Policy on Real Estate private equity strategy ◆ Launched an environmental strategy in Japan ◆ Awarded with the Best ESG (G) by Hong Kong Investor Relations Association (HKIRA)	◆ Published Climate Disclosure policy ◆ Applied enhanced climate considerations across portfolios ◆ Expanded proprietary assessment framework ◆ 100% proprietary ESG coverage with >980 listed investees and issuers

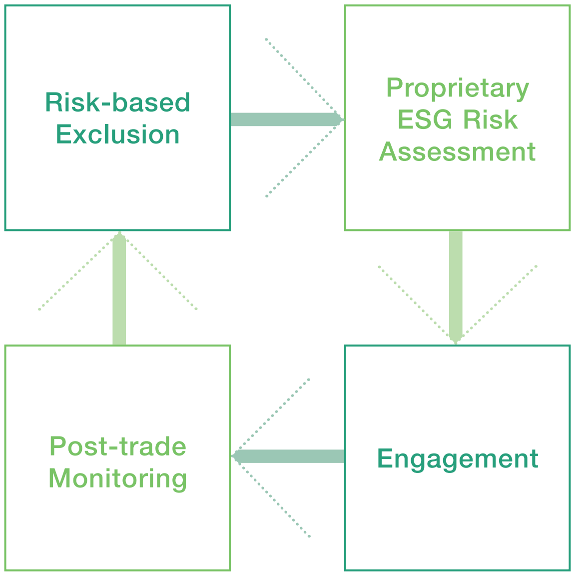
2022 Achievements

– 100% ESG scorecard coverage of listed issuers

– Around 93.9% of our Asset Under Management were under ESG scorecard coverage

ESG analysis is an integral part of the Group's investment process. The Group takes ESG issues into account as part of the investment process to ensure our investees maintains an adequate level of governance standards and mitigate environmental and social risks that could expose us to losses and reputational risks. The Group is cognizant that ESG risk management can also lead to investment opportunities.

The integration of ESG factors in our investment process consists of four steps:



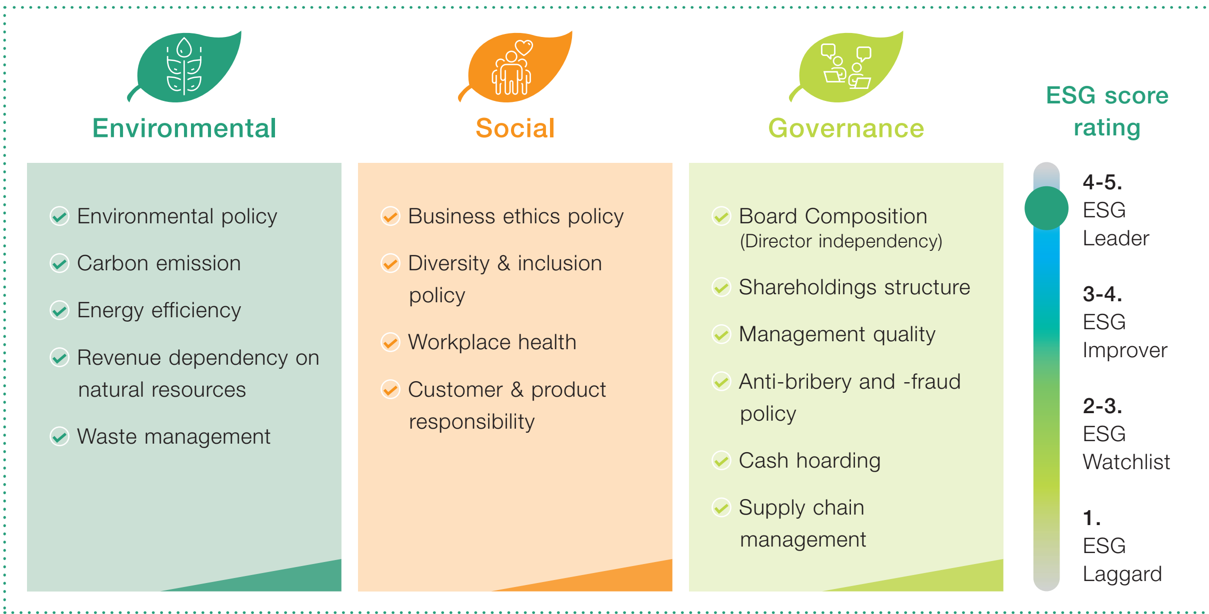
1. Risk-based Exclusion: During the initial screening stage of available potential investments in the market, we maintain an exclusion list of companies that significantly violate our ESG principles, regulations and/or do not possess an ESG forward-looking mindset. Our ESG and climate-related exclusion criteria include violation of UNGC principles, supplemented by a third-party data source from Sustainalytics and Moody's. The list is determined by the ESG Investment Team based on the significance and relevance of the respective violations and is maintained by the Group's Risk Team in the Charles Rivers Order Management System to ensure no breach of investment guidelines. Significant ESG violators are screened out if they fail to comply with respective ESG principles, regulations, and at the same time, show no signs of improvement in the foreseeable future. The ESG Committee reviews the exclusion list and portfolios' status on a regular basis to make the appropriate updates.

2. Proprietary ESG Risk Assessment: The ESG assessment is integrated into our proprietary research, which is the core pillar of our responsible investing process. Our proprietary ESG scorecard (scale of 1 being "ESG Laggard" to 5 being "ESG Leader") considers a breadth of over 36 predefined ESG factors, which includes climate risk metrics to derive a weighted score for each investee.

   Our ESG analysts obtain a deep understanding of our investees' ESG practices in their assessments, factors include but not least to, board composition, management commitment, revenue dependency on scarce natural resources, level of geographic revenue exposure to strict environmental regulations, labor related incidents, product safety and measurements, social misconduct records, choice of auditor and consistency, record of controversial related party transactions, shareholder structure, share price trading patterns, climate-related practices, and forward-looking sustainability related pipelines etc.

The ESG scorecard is validated and steered by the sector leaders to ensure respective ESG ratings reflect factors that are material. After finalizing the rating, portfolio managers will incorporate the rating as part of their fundamental analysis. Portfolios are targeted with a weighted average of 3 or above (out of 5) rating. Investees with lower ratings are accepted if they considered as an ESG improver in the medium term. Investees' GHG emissions and their carbon footprint will be tracked to provide us with an idea on how they will adopt climate related initiatives as part of the decarbonization process. Investees deemed to have low performance on climate issues would be required to provide an additional explanation on their mitigation or transition efforts for improvement. While the degree of impact varies among sectors, we believe these attributes present both risks and opportunities to our investment decisions, such as increasing operating costs (risks) and policy incentives (opportunities). Initiating direct dialogue with a company's management team also enables our analysts to establish a holistic picture of a company's ESG practices, to gain forward-looking insights on a company's ESG practices and to nurture our ESG culture by highlighting the importance of such considerations to our investees.

ESG Scorecard



Climate risk considerations in our real estate private equity investment strategy are important despite taking a different approach in our due diligence process. Real estate assets are by nature immovable in a world that is changing rapidly around them, and therefore, very much exposed to those changes in terms of climate patterns, policy, regulatory trends and tenant expectations. For instance, carbon efficiency of buildings has been increasingly crucial to tenants and governments, including Australia and New Zealand, where regulations are enforced to ensure energy efficiency of the buildings meet respective standards. The importance of ESG within the investment strategy and criteria of the Real Estate Private Equity has increasingly been brought into focus. Our investment screening process requires a minimum ESG rating for the respective countries, including but not limited to the National Australian Built Environment Rating System (NABERS) for Australia and New Zealand. In accordance with such, our two investment properties within Australia have obtained high NABERS Energy ratings of 5-Star to 5.5-Star, together with continuous tracking of energy efficiencies and initiatives of minimizing base building energy consumption, in an attempt to achieve an even higher level of ESG. Also, our latest acquired Japan property achieved a top 5-star rating from the Building-Housing Energy-Efficiency Labeling System (BELS), through efforts such as LED lighting, motion sensors, etc.

3. **Engagement:** We discharge our fiduciary duties to our investors and actively engage with relevant parties from our portfolio companies through voting on resolutions and proposing shareholder resolutions based on our Proxy Voting Policy. We maintain frequent communication with investees to discuss ESG issues and encourage appropriate corrective action plans for sustainability initiatives and influence corporate behaviors. We initiate regular meetings with companies that we invest in to foster our understanding of their business operations, strategy and ESG management. In addition, we are able to obtain insights into our investees' short– to medium-term climate goals and provide guidance to ensure they are aligned with the latest regulations and frameworks about climate. Through this engagement, we promote sustainability and advocate for higher ESG transparency.

Our engagement process includes:

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

Case study: How we adjust the ESG rating during our active engagement and monitoring

One of our top holdings is a China A-Share company that manufactures wind turbine and provides accessible green and smart energy, with a full lifecycle renewable solution to its customers.

According to our ESG proprietary assessment, the company was rated 3.8 out of 5 – an ESG Improver when we first initiated the coverage in September 2021. The company exhibited its commitment to achieve carbon neutrality within the scope of specified operations (Scope 1 and 2) by the end of 2023 and established a clear framework and structure on corporate and ESG governance with efforts in social responsibility such as obtaining the SA8000 certification. Detractors came from various aspects including the lack of an anti-competition policy and non-compliance to global ESG reporting standards. An engagement was initiated as we sought the company's response in several areas including:

(1) Validated its carbon neutrality progress and its related methodology,

(2) Scrutinized ESG governance practices,

(3) Understood its sustainable strategic plan and timelines, and

(4) Proposed the alignment of its ESG reporting with international standards such as Sustainable Finance Disclosure Regulation (SFDR) and Task Force on Climate-related Financial Disclosures (TCFD).

While we maintained communications and kept track of its ESG development in 2022 via conference calls and emails, we downgraded the company to an overall ESG score of 3.3 from 3.8 in Q4 2022 as several questions remain unaddressed. Our purpose of such engagements were to drive the adoption of global disclosure standards and the downgrade was due to lack of a response and no clear timeline of implementation. Taking all ESG metrics into account, the company received an above average ESG rating in our ESG proprietary assessment. We maintain our engagement to monitor the development of its ESG practices and material changes.

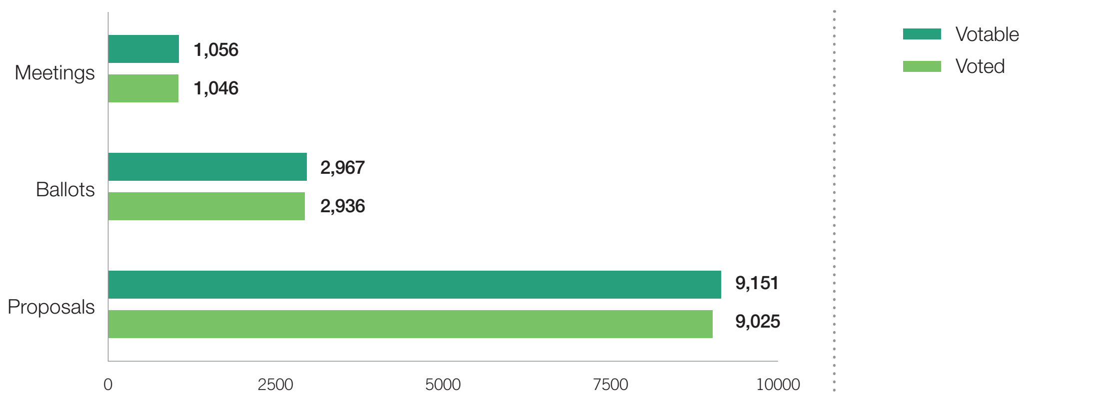
In addition to our commitment to PRI, the Group's practices align with the Principles of Responsible Ownership issued by the Securities and Futures Commission of Hong Kong, which serves as a guidance to assist investors to determine how best to meet their ownership responsibilities.

In 2022, we:

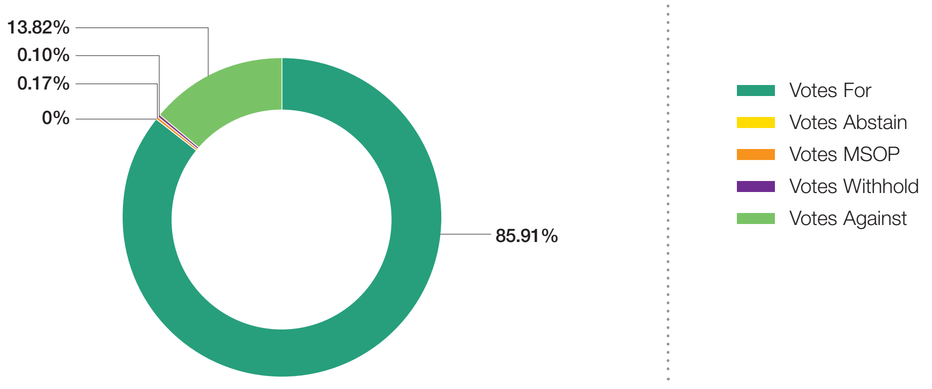
a. Voted in 99% of the votable meeting;

b. Made 14% of our votes against management recommendations, withhold or abstain in 42% of shareholder meetings;

Voting Statistics



Vote Cast Statistics



Case study: Voting against a company's resolution in accordance with our Proxy Voting Policy

Value Partners is actively involved in the investees' operations and decision making as a responsible investor. A vote AGAINST will be warranted when the proposal or decision is not in the best interest of shareholders.

1) Shareholders' approval was sought for one of our investees' employee stock purchase plan. However, the company failed to include enough positive features, such as performance criteria and meaningful vesting conditions, to mitigate concerns over the possible discount. Value Partners voted against this plan as such arrangement was deemed not in the best interest of shareholders.

2) Shareholders' approval was sought for provision of guarantees provided between subsidiaries. However, our investee failed to disclose sufficient information regarding the guarantee's request such as the identity of some of the guaranteed entities and the company's percentage ownership in the said entities.

   In addition, the investee company did not confirm whether the guaranteed entities and shareholders of the guaranteed entities would be providing counter guarantees or proportional guarantees. Value Partners also voted against the proposal as absent the relevant information, the effects and fairness of the proposal could not be effectively gauged.

4. **Post-trade Monitoring:** Our Investment Management Team conducts bi-weekly reviews on company level ESG scores and determines the relevant escalation efforts. The monthly ESG report summarizes ESG rating breakdowns for each of our portfolios and are sent across to all portfolio managers, Co-Chief Investment Officers and the ESG Committee for review. Risk managers will discuss with portfolio managers on holdings with low or poor ESG risk ratings and meetings will be called with the ESG Committee if further action is necessary.

Bi-weekly	Monthly	Semi-annually
Investment Management Team's **review on company-level ESG score ratings** and relevant follow up activities on low-rated investees	Issuance of **monthly ESG report** summarizing ESG rating breakdowns for each portfolio to be reviewed by Co-CIOs and the Investment Management Team, followed up by ESG Committee meetings **Monthly ESG Committee meeting**	Regular **Board meetings** including **ESG Committee's report** to members of the Leadership Committee and the Board

For the upcoming year, we are committed in our ESG development in many aspects. The top agenda is the launch of our very first ESG (Article 8) thematic strategy in the first half of 2023. Meanwhile, we continue the articulation of our ESG practices, which include enhancing the responsible investment integration process by setting sustainability related KPIs for our analysts, expand our team and data resources, increase our engagement with investees to obtain timely information and track our investees' ESG development, exercise our voting rights to influence investees' ESG decisions, align our reporting and disclosures based on the TCFD recommendations and participate in more industry and regulator events in relation to ESG matters.

b. Ethical Business Behaviors

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

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

One of the policies to highlight is the implementation of a group-wide Anti-Money Laundering (AML) and counter-terrorist financing framework designed to ensure compliance with all applicable anti-money laundering laws and regulations. The Group's AML policy is followed by all subsidiaries to ensure strict compliance. Within the AML policy framework, it outlines the following:

The appointment of a Money Laundering Reporting Officer and an Anti-Money Laundering Compliance Officer with sufficient seniority who oversee the Group's compliance with relevant legislations and industry guidance	Monitoring and reporting of suspicious transactions or activities within the Group and to the relevant law enforcement authorities	AML training programs provided to new hires and existing staff on an annual basis
A risk-based approach in assessing and managing the money laundering and terrorist financing risks, a risk-based program for customer due diligence, identification, verification and know your customer (KYC) procedures, including enhanced due diligence for those customers presenting higher risk	Screening of clients and transactions against applicable financial sanctions and embargo programs	Appropriate communications, internal controls, audits and monitoring arrangements to ensure that the Group's AML Policy is conveyed clearly and complied with in practice

The above framework is regularly reviewed by the Compliance team and tested by Internal Audit to ensure compliance with applicable regulations and guidance set out by the Securities and Futures Commission.

The Group is committed to promoting ethical practices and preventing modern slavery with policies and procedures in place. Unethical or fraudulent behavior is prohibited. Directors, officers, employees and other representatives are required to adhere to the policy as a condition of their employment and engagement to the Group. In addition, the Code of Ethics clearly states that employees shall act honestly and professionally with due care and diligence to protect clients' best interests and to uphold market expectations on integrity. Conflict of interest will be avoided to the greatest extent and potential conflicts with clients will be disclosed if unavoidable. The Group has stringent controls over staff dealings and all staff dealings are monitored. Aside from the initial holdings report that is submitted within 10 days after onboarding, staff are required to submit a semi-annual holdings report for the Group to identify improper trades or patterns of trading. Any breach of these rules will be scrutinized in detail and may lead to disciplinary action. We formulate and update our internal policies as needed to ensure it fulfils the Securities and Futures Commission's Fund Manager Code of Conduct. In 2022, we expanded the language in our Code of Ethics in accordance with the relevant provisions of the Prevention of Bribery Ordinance (Cap. 201) (POBO) and related guidance issued by the Independent Commission Against Corruption (ICAC) in Hong Kong. All of our operations are assessed for corruption risks and no critical concerns were raised. In 2022, there were no legal cases regarding corrupt practices against our employees or the Group.

During the year, the Group conducted six classroom and five e-learning compliance trainings (in total of 15 hours of compliance training) to update our staff on the latest regulations and requirements. Some of the training sessions on anti-bribery & corruption were jointly organized by law enforcement agency and external legal counsels. Topics included but were not limited to market manipulation and insider dealing, anti-money laundering, anti-bribery, staff code of ethics and cybersecurity. To address the updates on anti-bribery and anti-corruption guidance, we have also added a module to our 2022 annual compliance training program (100% attendance was required by the executive directors and all employees) to raise their awareness on these matters.

The Audit Committee is appointed to oversee ethical issues of the Group, in particular to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other ethical matters and to ensure that proper arrangements are in place for the fair and independent investigation of these matters for appropriate follow-up action. Through the Group's whistle-blowing mechanism, staff members are encouraged to report any wrongdoing or suspected misconduct directly to the Chairman of the Audit Committee in confidence. The Group will endeavor to protect the identities of those staff and investigate all complaints in a timely manner. Remedial actions are taken against the affirmative case. We are committed to protecting our employees from any form of discrimination, intimidation, reprisal, retaliation or adverse reaction organizationally as a result of reporting their concerns. During the year, there were no such incidents reported.

Risk Management

The Group established a comprehensive risk management framework with defined levels of responsibility and reporting procedures guided by the "Three Lines of Defense" model. The Risk Management Committee, Legal and Compliance department and Group Internal Audit assist the Board and the Audit Committee in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Risk Management Committee coordinates enterprise risk management activities and reviews significant aspects of risk management of the Group. Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. For more details on risk management practices of Value Partners, please refer to the Corporate Governance Report on pages 46 to 49.

Moreover, the Group has developed a Business Continuity Plan ("BCP") providing continuation of critical business operations of the Group in the event of a disaster, whether natural or man-made. This plan is reviewed annually by our Information Risk Officer and tested by ongoing use or robust testing to ensure that critical business operations, systems, applications and connections are working effectively during a BCP event. All essential staff, including from Information Technology, Middle office and Compliance are trained to familiarize themselves with the BCP and their designated roles.

c. Information Security and Privacy

The Group strives to protect the data privacy of our employees, clients and business partners, and is in compliance with all relevant laws and regulations, such as Personal Data (Privacy) Ordinance of Hong Kong and the General Data Protection Regulation of the European Union. Corresponding provisions have been incorporated in our data protection notices, data protection policy, explanatory memorandums (EM) and service agreements. Our Privacy Policy has set out guidance to manage public available information for the whole Group.

The trading information of our clients are confidential and handled with due care to avoid any data leakage or misuse. Disclosure of client trading information to outside parties without proper justification and consent is prohibited. Disclosure of information is strictly limited on a "Need-to-Know" basis even among staff members. Should service providers be required to work at our office during non-office hours, our employees are reminded to lock up all documents and switch off their monitors to minimize the risk of information leakage. Technologies and technical controls are in place to enhance the security level of the environment, which includes but not limited to end-point security solutions for anti-virus and anti-malware protections, the privilege account management (PAM) solutions for system access controls and prevention of unauthorized access, secured email gateway for phishing detection and filtering and the Data Loss Prevention (DLP) solutions to protect company data and prevent information leakage.

A Data Protection Policy is in place to ensure information is handled in an appropriate way. The Group's board members, officers or delegates whose work involves processing personal data are obligated to comply with this policy. All individuals whom the Group holds personal data have the right to access, rectify, object, erase, limit, and request access to their personal data. All user accounts and corresponding access rights must be recertified at least annually to confirm the system access and align with the job functions while maintaining segregation of duties. To ensure all employees are aware of information security risks inherent in our operations and the latest regulatory requirements, training on such topics are embedded into the curriculum of our employee induction program and security alerts through emails are sent by our Information Risk Officer to all employees.

Cybersecurity

The importance of information security, especially cybersecurity, has continued to grow within the financial services industry. In March 2022, the Group has updated the Information Technology and Security Policy, which sets out the guidance on various cybersecurity considerations, including but not limited to document management, information technology management, IT assets management and incident management. Consistent with International Standards (ISO27001 and ISO 20000) and regulatory requirements, the information management and security framework was established to provide guidelines on the covered domains and areas when developing information documents or implementing controls to operation such as information security policy, asset management human resource security etc. The policy is reviewed at least once per year to ensure compliance with relevant laws and regulations and timely updated based on the latest industry practices.

The senior management of the Group oversees the overall IT performance, data privacy and cybersecurity practices. Comprised of the Head of Information Technology, Representative of Project Management Office, Associate Director of Information Risk and a representative from COO office, the IT Steering Committee ("ITSC") manages IT related operation and projects. This includes advising to top management on the Group's technology stack and strategic direction, managing the technology budgeting and resources, reviewing and recommending IT operations, cybersecurity measurement and reporting any IT risks to top management. Our IT Management department ensures the implementation of relevant IT controls based on requirements and remediates the IT risks within the agreed timeframe whereas the Information Risk department is in place to monitor and oversee the IT controls and update the existing security documents regularly.

In addition to the annual risk controls self-assessments performed by each team, the Group conducts an internal information security audit every year to determine the overall state of protection, ensuring current security measures comply with policies and regulatory requirements, and verifying the effectiveness of the protective measures. Technical vulnerability assessments and penetration testing have been performed annually by an independent third party to verify that our security standards are aligned with market practice. The penetration testing covers all our offices, Data Center and Internet Facing services. No critical and high risk findings has been identified from the verification assessment in September 2022. The Group also has in place policies and processes for identification, escalation, investigation and reporting of data breaches and security incidents.

Employees are key to maintaining information system security and minimizing cybersecurity risks. They are required to follow the requirements fully as set out in the Information Technology and Security Policy. In 2022, all our employees within the Group have completed the Security Awareness Training offered by external training services provider to increase their cybersecurity risk awareness. Once training is concluded, ongoing phishing assessments are conducted by the Information Risk department to enable our employees to become alert of scam emails and take appropriate action to handle any suspicious correspondence. The total cybersecurity related training hours in 2022 are 1.5 hours per employee.

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

d. Supply Chain Management

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

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

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

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

e. Customer Engagement and Satisfaction

Retail clients

We meet our clients on a regular basis, whether it be physically at the office or remotely via video calls. Our engagements with our clients include service feedback and we collect their frequent updates to provide more customized service solutions. An intermediary team comprising multiple sales members are assigned to look after different accounts. Each sales member conducts regular servicing and sales activities on their accounts. Team heads closely monitor the overall interaction and review their work periodically.

Institutional clients

For institutional businesses, we usually engage with these clients through various official regular monthly, quarterly and annual review meetings. Casual ad-hoc calls, routine business catch ups and other events are also means for us to engage with our clients. Through these communication channels, timely and transparent exchanges can be made with our clients in order to obtain their feedback, track their satisfaction levels regarding our investment services and ensure we can continue to provide customized solutions to best fit their evolving requirements.

We previously arranged regular roadshow trips, institutional seminars and luncheons to increase our engagement with clients and gather their feedback. Despite the difficulties in holding physical events resulting from the COVID-19 pandemic, we managed to host a few webinars targeting various institutional clients in Asia and the U.S. region.

The Group also strives to increase the cybersecurity awareness of our customers. In September 2022, we published the Cyber Security Awareness tips on our website to provide our clients and the public practical suggestions to protecting their information and assets.

During 2022, there were no complaints filed by any of our clients as a result of our exceptional and professional services provided.

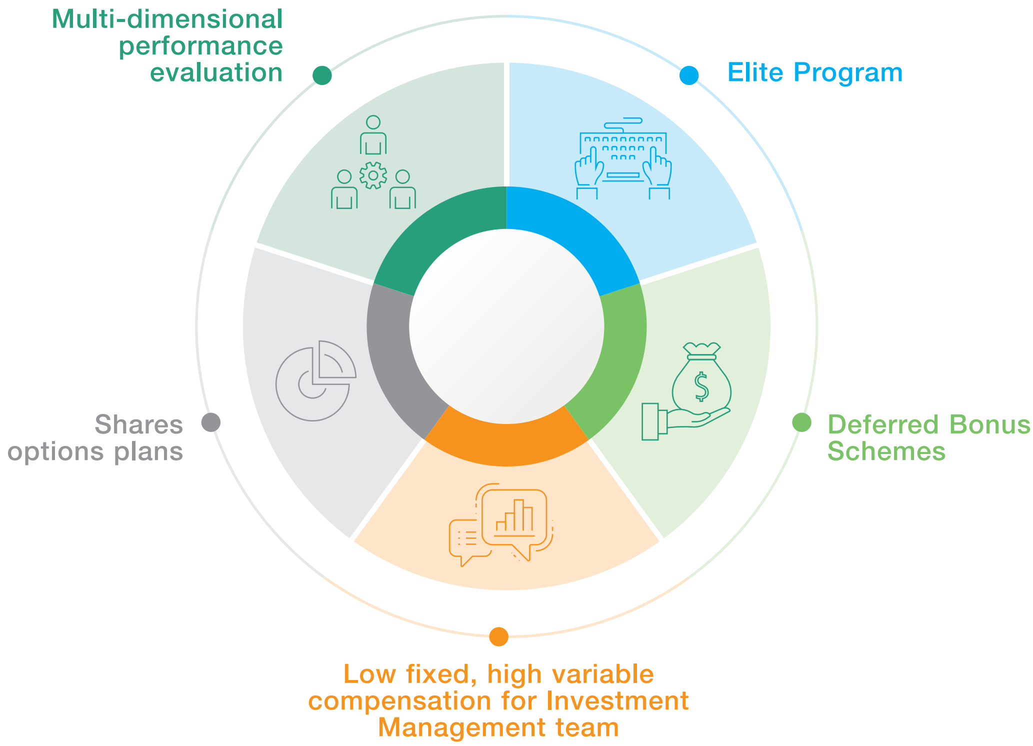
3. Employment and Labor Practices

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

Summary of Social Performance

	Unit	2022	2021
Employment Practice			
Total permanent workforce	No. of people	205	236
Total contract workforce	No. of people	1	7
Total workforce by age group			
Under 30	No. of people	45	61
30-50	No. of people	134	160
Above 50	No. of people	27	22
Total workforce by geographic location			
Hong Kong	No. of people	151	186
Mainland China	No. of people	41	45
Other countries/regions	No. of people	14	12
Total workforce by gender			
Female	No. of people	105	116
Male	No. of people	101	127
Health and Safety			
Number of work-related fatalities	No. of people	0	0
Work-related fatalities rate	Per employee	0	0
Number of work-related injuries	No. of injuries	0	0
Lost days	Days	0	0

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



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

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

The Group embraces diversity as a source of innovation and competitive advantage. This is reflected in the gender diversity of the company's leadership team where the Chief Executive Officer, Chief Operating Officer, Managing Director of the CEO Office and number of senior management positions such as the General Counsel and Chief Compliance Officer are all led by women. We maintained a male to female ratio of employees at 1:1.05 during the year.

2022	
Employee Turnover Rate by Gender	
Female	36%
Male	39%
Employee Turnover Rate by Age Group	
Under 30	33%
30-50	43%
Above 50	19%
Employee Turnover Rate by Geographical Region	
Hong Kong	42%
Mainland China	20%
Other countries/regions	43%

Note 1 The total number of terminated employees includes both voluntary and involuntary departures. Due to the fluctuating market conditions and increasing trend of migration, the turnover rate in Hong Kong and other countries/regions are higher.

a. Welfare and Labor Standards

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

To improve employee welfare and increase their involvement in recreational activities, the Group has established a Recreation Committee which is responsible for initiating and organizing networking activities, internal activities, voluntary services, sports events, recreational workshops and annual dinners for the Group. The Recreation Committee, composed of employees from various departments, collects opinions and suggestions from employees on organizing group functions.

The Group not only focuses on the physical wellbeing of our employees, but we also consider the needs of staff based on their family status. An example is where we have set up care rooms in our offices to allow mothers to breastfeed their infants when necessary. This imparts a private and intimate space for our female staff to bond and care for their babies. We provide subsidies to both female and male staff who have prenatal checkups during pregnancy in order to give some financial support to our working families. Furthermore, maternity leave and paternity leave are offered to staff so they can spend quality time with their families and have adequate rest during post-birth recovery.

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

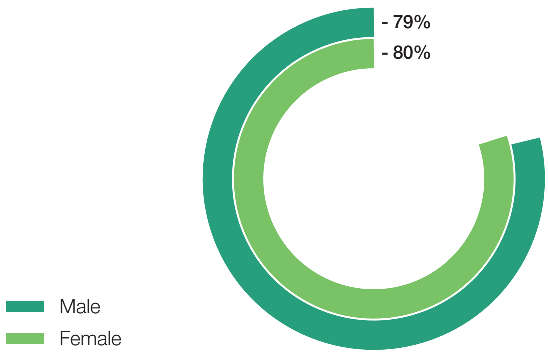
b. Development and Training

The nature of our business relies heavily on skilled talent; therefore, we emphasize on providing good career prospects and personal development. Value Partners works on alignment of interests, recognition for performance and retention of human capital. As such, each of our team member's performance is measured and evaluated based on our multi-dimensional performance evaluation procedures. Performance appraisals are conducted at half year and year end to enable our colleagues and their supervisors to discuss work performance and communicate feedback in a timely manner. The Personnel team will share guidance periodically and monitor the appraisal process accordingly. The flow of the appraisal process is as follows:

Our Training Policy is applicable to all full-time permanent employees of the Group and is designed to encourage our employees to further enrich their knowledge and skills. Our employees can obtain relevant professional qualifications to keep abreast of the latest industry trends and become equipped with necessary professional knowledge to excel in their career. Colleagues who opt to take professional exams can apply for study leave so they have ample time to review the materials and content prior to completing the assessments. Employees with tenure of over 6 months are eligible for company sponsorship for a wide selection of courses, seminars, conferences and other training events, as well as examinations and memberships. Such arrangements aim to inoculate a sense of shared accountability among the team, and they have been well received by our employees.

Training Performance Data

Percentage of trained employees by gender

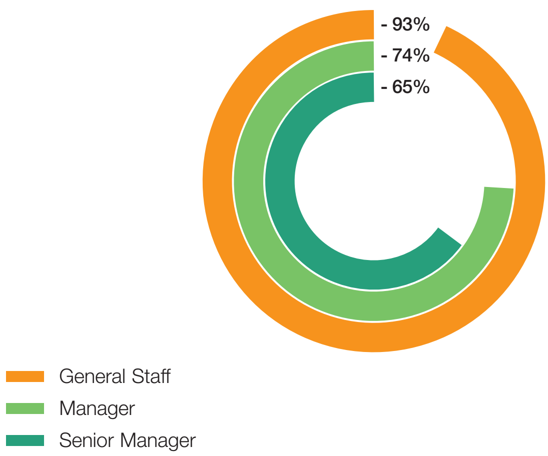


The average training hours completed per employee by gender in 2022

Male 8.6 hours

Female 9.4 hours

Percentage of trained employees by employee category



The average training hours completed per employee by employee category in 2022

Senior Manager 6.8 hours

General Staff 10.5 hours

Manager 8.3 hours

During the year, one townhalls were organized to update our colleagues on the business strategy and address any questions on the matters discussed. We have also launched an e-platform where various training materials and courses are provided to enable flexible learning opportunities for our employees. Apart from training resources, the Group offers secondment programs and job relocation arrangements to provide mobility options and better career development for our employees. Requests made by staff are discussed with their supervisors and an appropriate posting will be decided and arranged accordingly. In 2022, we provided mobility opportunities to our staff to relocate to our other offices. This is also in line with our strategy to expand into other regions in Asia.

We arrange in-house and external trainings on soft skills and technical skills on topics such as climate change risk, macroeconomic trends and big data analysis to enable our staff to stay up to date with relevant knowledge. In particular, six compliance training workshops and three ESG training seminars were conducted for our colleagues to obtain additional information and updates on issues relating to anti-money laundering, insider dealing and environmental, social and governance considerations on investing.

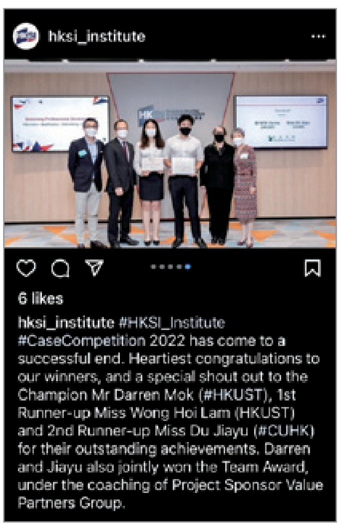
Contributing to the society – "Grow the next Gen"

The Group nurtures young talent and offers graduate recruitment campaigns and internship programs. In 2022, we continued to run the Value Partners Young Fellowship Program in partnership with The Hong Kong University of Science and Technology that provides undergraduates studying finance, business, or economics an internship opportunity. As a result of this program, three interns were hired to work at Value Partners in various departments.

The Group strives to nurture domestic young generation and continued the "Grow the next Gen" initiative by participating various higher education activities during the year. In February 2022, our Co-Chairman & Co-Chief Investment Officer and Head of ESG Investment presented in a webinar hosted by Chinese University of Hong Kong to discuss China's Common Prosperity and the respective sustainability agenda.

Value Partners also continued as the project sponsor of the Hong Kong Securities and Investment Institute (HKSI) ESG Case Competition in 2022 for two consecutive years. Among 19 higher education institutions, the two students that our Head of ESG Investment coached won the Champion, 2nd Runner-up and the Team awards in the event.

In 2022, the Group has joined hands with Hang Seng Bank to support the "University Elite ESG Challenge 2023." Intensive ESG training sessions, trading simulations and coaching on ESG report analysis were provided by stages to university students in Hong Kong to equip them with ESG related experience applicable in the finance and business industry. Two internship opportunities will be offered to promising participants who had satisfactory performance in the first stage.



c. Health and Safety

The Group is committed to providing a safe workplace to our employees and their health is always our primary concern. Every reasonable safety precaution within the workplace will be considered to ensure the safety of our employees. It begins with compliance with all applicable regulations on health and safety. Policies on ensuring health and safety at the workplace are established and employees are expected to adhere to the relevant policies as stipulated in the Employee Handbook. This ranges from the Group's prohibition of any acts of violence or threats and the use of illicit drugs and/or gaming within work premises. In addition, employees are required to take appropriate measures and report any cases of personal injury sustained at work or contraction of infectious diseases to their direct manager and the Personnel Department to minimize contraction to other colleagues. With our efforts in maintaining a safe and injury-free workplace, the number of work-related injuries and fatalities of the Group's employees have been zero for the past three consecutive years.

Regarding fire safety within the workplace, employees and visitors are required to vacate the building via fire exits and assemble on the street after hearing the sounding of the fire alarm. An individual is appointed to perform attendance to account for the presence of all colleagues at the assembly point and details of the Procedures on Fire Evacuation are available at the Administration Department for all relevant premises.

The wellbeing and safety of our employees is always our utmost priority. The Group has closely monitored the situation and taken timely measures under the oversight of the Infections Diseases Response Team during the COVID-19 pandemic. The Infections Diseases Response Team meets up on a weekly basis to discuss any updates on social distancing measures and the severity of the virus by referencing to appropriate news outlets.

We strive to provide adequate care and ensure safety of our employees while maintaining our business operations to the greatest extent to provide our professional services. The Group established the work-from-home policy as a result of COVID-19 and our BCP Committee also promoted various initiatives to support hybrid working arrangements. Our employees could enjoy free delivery fee for one meal order each day and get reimbursed of office appliances such as PC monitors to enhance the working conditions at home. Protective equipment such as masks, hand sanitizers and COVID-19 rapid antigen test kits are also actively sourced to support our employees throughout the pandemic.

Furthermore, we offer corporate social responsibility leave to all Hong Kong-based staff to encourage them to take the COVID-19 vaccine and increase the overall vaccination rate within our workplace. Apart from prevention measures taken against COVID-19, flu vaccine coupons are available to all staff who wish to receive their flu shots. During the year, 100 flu vaccine coupons were distributed to our employees. If our employees are unfortunately diagnosed with COVID-19 virus, additional benefits are offered by the medical insurance scheme to cover the treatment expense and provide a special claim arrangement for hospital in the form of cash reimbursements.

4. COMMUNITY INVOLVEMENT

Value Partners' aspirations in becoming a responsible corporate citizen has enabled us to dedicate resources to those who are in need within our community. Our employees are encouraged to volunteer at organizations promoting child welfare and to nurture young talent. One-day paid volunteer leave is granted every year to colleagues who participate in such meaningful activities. The Group actively sponsors community activities and donates to charitable organizations. We have contributed over HK$161,800 in donations to various causes relating to education, environment, health and culture in our communities. During the year, the Group continues its long-standing support for Heep Hong Society, which provides professional training and education to children and youth with different abilities and their families and to develop their potential. We acted as one of the kids team sponsors to support the Heep Hong Charity Football Fun Day, from which the funding will be used to provide appropriate assessment and training for children and youth with special needs from low-income families. The Group has also provided sponsorship for annual charity golf tournament hosted by Children's Medical Foundation and Save the Children Hong Kong.

Sharing Our ESG Mindset

Apart from monetary contributions and participating in charity events, Value Partners is an active member in promoting ESG within the community. During the 15th Asian Financial Forum ("AFF"), our representative joined a fireside chat session to discuss about integrating ESG factors with representatives from fintech company and former HKMA executive. It was emphasized that the increasing interest and awareness in ESG has brought up new long-term investment opportunities, which also aligns with the carbon neutrality goals set by the HKSAR government.

In July 2022, we were invited to join the China Roundtable hosted by the Camradata with other expert fund managers discussing the latest trends and characteristics of the Chinese market. Our representative shared how industry pioneers adopted ESG practices to meet the increasing expectation from institutional investors and the growing opportunities and risks in China's green loan market. The importance of performing an ESG assessment as a fund manager was highlighted in the China Whitepaper published after the event.

In the 40th Plenary Session of the Japan-HK and HK-Japan Business Co-operation Committees, our CEO shared insights on the China's Green Finance market developments and opportunities and how Value Partners' ESG investment framework facilitates the identification of potential investment opportunities for international investors.

In October 2022, our Head of ESG Investment joined a fireside chat at Moody's ESG Solutions event. With a theme of "The Future of ESG in Asia", he highlighted how Value Partners integrates ESG strategy into the Company's investment process and the benefits of business collaboration with Moody's in our ESG journey.

Furthermore, we are part of the ESG working group of the HKIFA that regularly discusses regulatory developments in Hong Kong and provides opinions on challenges and practices of industry peers, which are then shared to regulatory bodies like the Hong Kong Securities and Futures Commission.

5. ENVIRONMENT

As a company with a core reportable segment in asset management, the nature of the Group's business is office based and not energy intensive. Hence, the major material impact on the environment is confined to the premises in which our team operates. We aspire to shoulder our part of the responsibility in caring for the environment, nonetheless. We have set annual environmental targets to minimize our carbon footprint. These include enhancing energy efficiency by replacing traditional lightings, reducing greenhouse gas emissions through consuming less energy and limiting unnecessary travel and raising awareness about sustainability amongst our employees through company campaigns. During the year, we have complied with all applicable local environmental laws and regulations.

a. Climate Risks

Climate risks are incorporated into our strategy to ensure appropriate measures and preparations are taken accordingly. We have made Climate Disclosure in response to the Requirements under the Fund Manager Code of Conduct and the Circular to licensed corporations on the management and disclosure of climate-related risks by fund managers published by the Securities and Futures Commission in Hong Kong. The Climate Disclosure has specified how the Board oversees climate risks and how climate-related considerations are integrated into our investment portfolio.

Two types of climate risks considered in our assessments are physical risks and transitional risks. Physical risks are defined as increased frequency and severity of weather events or constant shifts in patterns of the weather. As for transitional risks, they relate to risks arising from changes in policy, technology and consumer behavior. The table below details the specific risks that are relevant to our organization as follows:

Type of Climate Risk	Specific Risk	Description
Physical	Extreme weather events (flooding, typhoons, extreme heat, etc)	Employees located in extreme weather prone areas may be subject to more dangers, so safety measures and drills should be implemented. Data centers may be affected by severe weather, which may lead to loss of valuable business data.
Transitional	Regulatory compliance risk	With more stringent environmental regulations and greater financial impact on businesses from the imposition of carbon taxes, the Group needs to be fully aware of these matters to avoid violations of laws. Designing and marketing climate-related products should also be in line with new regulations to prevent any breaches.
Transitional	Reputational risk	Frequent non-compliance with laws and regulations will negatively affect the reputation of Value Partners. Trust established with clients will be strained. The Group's business model will need to be enhanced to align with the low-carbon economy or clients may have negative perceptions of the organization due to lack of progress.

Summary of Environmental Performance

	Unit	2022	2021
Greenhouse gas (GHG) emissions[1] and intensity within the Group			
Direct GHG emissions (Scope 1[2])	tonnes of CO_2 equivalent (tonnes CO_2e)	2.7	5.3
Direct GHG emissions (Scope 1) intensity	tonnes CO_2e/employee	0.01	0.02
Indirect GHG emissions (Scope 2[3])	tonnes CO_2e	395.3*	342.0*
Indirect GHG emissions (Scope 2) intensity	tonnes CO_2e/employee	2.0*	1.4*
Energy consumption and intensity within the Group			
Total energy consumption	MWh	550.7	532.4
Total indirect energy consumption	MWh	541*	510*
Electricity consumption	MWh	541*	510*
Total indirect energy consumption intensity	MWh/employee	2.7*	2.1*
Total direct energy consumption	MWh	9.7	22.4
Gasoline consumption	litres	1,005.9	2,315.2
Total direct energy consumption intensity	MWh/employee	0.05	0.09
Total water consumption[4]	m^3	11.6*	4.9*
Water consumption intensity	m^3/employee	0.06	0.02
Resources consumed within the Group			
Paper	tonnes	1.7*	2.0*
Toner cartridges	pieces	118*	243*
Waste disposed within the Group			
Non-hazardous waste	tonnes	5.2	5.2
Hazardous waste	tonnes	0	0
Resources recycled within the Group			
Paper	tonnes	2.8	4.1
Plastic	kg	19.6	38.8
Toner cartridges	pieces	82*	170*

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

Due to the continuous social distancing rules to reduce the impact of COVID-19, Scope 1 emissions have decreased significantly as there were less business outgoings, hence, less gasoline was consumed. The water consumption increased as we have more staffs working in Malaysia office this year.

1 The Group's GHG inventory includes carbon dioxide, methane and nitrous oxide. GHG emissions data is presented in carbon dioxide equivalent.

2 Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by us, such as emissions from gasoline used by the corporate fleet.

3 Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity consumed by us.

4 Water consumption of the Hong Kong office is not available as it is centrally managed by the landlord.

b. Environmental and Resources Management

Environmental protection and sustainability are key areas that we integrate into our daily operations and workplace. We believe that preserving the environment and conservation of natural resources are vital to improving the living standards of present and future generations. The role of management is to promote awareness of these issues, take action on green initiatives and develop procedures and mechanisms to ensure these aspects are considered at the workplace. Meanwhile, employees at Value Partners are encouraged to follow the environmental guidelines outlined by the Group, actively participate in training workshops pertaining to environmental protection and report any non-environmentally behaviors or conduct at the office.

To continually improve our environmental performance, we have set up a range of environmental goals on issues such as wastepaper and plastic recycling, material consumption, green procurement and special recycling activities during festive seasons. These goals are reviewed annually by the Administration department who is responsible for developing waste management policies that are currently in place. With these goals in mind, Value Partners has implemented a series of energy and resources conservation initiatives.

In terms of energy saving and reducing carbon footprint during the year, we signed up for No Air Con Night 2022 where all our employees pledged to turning off their air conditioners when the outdoor temperature was lower than 27˚C. Our Hong Kong office continued to participate in Earth Hour 2022 to raise awareness about energy conservation. Starting from the 4th quarter of 2022, we encouraged our colleagues to bring their own bottles and use the office water dispensers to reduce the consumption of plastic bottles. Water conservation initiatives have also been promoted and implemented in our daily operations. Green procurement is especially emphasized when it comes to purchasing stationery including acquiring Post-It Greener Notes that are made with 67% plant-based adhesives and 100% recyclable material, FSC certified paper and ink pen refills to reduce plastic waste. When office items such as chairs, cabinets, box files and stamp machines are damaged, we have a dedicated team to repair these items to extend their product life and minimize waste. Certain electrical equipment and lighting are automatically controlled with timers after office hours to reduce energy use. Energy saving reminders and tips are visible and accessible to employees, encouraging them to switch off monitors, office lighting, air conditioners, air purifiers and other electric appliances when they are not in use. Moreover, air conditioner filters and drainage conduits are maintained on a monthly basis to ensure they are operating in an energy efficient manner.

With robust waste management, the Group strives to reduce waste and recycle with various initiatives rolled out by Administration department. We recycle where possible and send used materials such as paper and toner cartridges to authorized dealers for recycling. In 2022, the Group recycled 2,671 kg of waste paper, and reduced 12,821 kg of carbon dioxide emissions. As such, we received the certification of CO2 reduction in paper-recycling presented by Confidential Materials Destruction Service Limited. We set up aluminum collection bins at our Hong Kong office and collected 20kg of aluminum cans during the year. We also participated in the "Toner and Ink Cartridges Recycling and Reuse Programme" organized by our Hong Kong office landlord. 69% of used toner cartridges were recycled during the year. Other green events organized by our property management we participated in include the Mooncake Collection Program and Mooncake Boxes Recycling Program. Leftover mooncakes and metal or paper mooncake boxes were collected and recycled to reduce waste and express our care to the society.

Furthermore, we include environmental considerations when selecting properties for our office locations. An example is our Hong Kong office, which occupies a building that has signed the Energy Saving Charter and 4T (Target, Timeline, Transparency and Together) Charter issued by the Environment Bureau of the HKSAR government, which address energy use and setting energy saving targets. Moreover, our Hong Kong office in Central signed the Government's Energy Saving Charter 2022 to commit to maintaining energy saving indoor temperatures and promoting the use of energy efficient appliances.

With the various initiatives undertaken by the Hong Kong office, we are recognized as a Hong Kong Green Organisation member by the Environmental Campaign Committee.

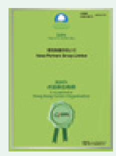
6. AWARDS AND RECOGNITIONS

We have received awards and recognitions for our efforts in adhering to environmentally sustainable work practices, establishing a positive work environment for our workers and delivering superior professional services to our valued clients. Below are the accolades received during the year as follows:

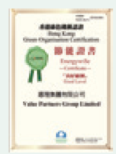
- Happy Company 2022 awarded by the Promoting Happiness Index Foundation that recognizes Value Partners as an organization focusing on building pleasant working environments for employees in Hong Kong

- Caring Company 2022 awarded by The Hong Kong Council of Social Service (HKCSS) to distinguish businesses that promote strategic business and social partnerships and have corporate social responsibility initiatives

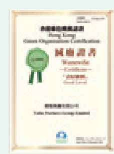
- Hong Kong Green Organisation recognized by Environmental Campaign Committee



- Good Level on the Energywi$e Certificate presented by the Hong Kong Green Organisation for employing energy conservation methods at our offices



- Good Level on the Wastewi$e Certificate presented by the Hong Kong Green Organisation for the Group's commitment in reducing waste and recycling practices at the workplace



- Outstanding ESG Performer of The Year (Listed Company) – Gold Award by Institute of ESG & Benchmark

- Certification of CO2 reduction in paper recycling issued by the Confidential Materials Destruction Service Limited for recycling paper and reducing carbon emissions

7. Appendix: HKEx ESG Guide Content Index

Material Aspect	Content	Chapter/Statements	Pages
A. Environmental			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental and Resources Management	81
A1.1	The types of emissions and respective emissions data.	Not applicable – Emissions of NOx, SOx and other pollutants are immaterial to our business operations	N/A
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Summary of Environmental Performance	80
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Summary of Environmental Performance	80
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Summary of Environmental Performance	80
A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental and Resources Management	81
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental and Resources Management	81

Material Aspect	Content	Chapter/Statements	Pages
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental and Resources Management	81
A2.1	Direct and/or indirect energy consumption by type in total (kWh in ’000s) and intensity.	Summary of Environmental Performance	80
A2.2	Water consumption in total and intensity.	Summary of Environmental Performance	80
A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental and Resources Management	81
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Not applicable – As an asset management firm with office operations only, we do not consume significant amount of water.	N/A
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable – As an asset management firm, we do not consume significant amount of packaging materials for finished goods.	N/A
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environment	79
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental and Resources Management	81
A4 Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate risks	79
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate risks	79

Material Aspect	Content	Chapter/Statements	Pages
B. Social			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labor Practices	70-76
B1.1	Total workforce by gender, employment type (for example, full– or part-time), age group and geographical region.	Summary of Social Performance	70
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labor Practices	72
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	76
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Summary of Social Performance	70
B2.2	Lost days due to work injury.	Summary of Social Performance	70
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	76

Material Aspect	Content	Chapter/Statements	Pages
B3 Training and Development			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	73-75
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training Performance Data	74
B3.2	The average training hours completed per employee by gender and employee category.	Training Performance Data	74
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Welfare and Labor Standards	72
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Welfare and Labor Standards	72
B4.2	Description of steps taken to eliminate such practices when discovered.	Welfare and Labor Standards	72
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	69
B5.1	Number of suppliers by geographical region.	Not applicable – As an asset management firm, we mainly source office supplies from suppliers, which does not materially affect our main operation.	N/A
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	69
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Not applicable – As an asset management firm, we mainly source office supplies from suppliers, which does not materially affect our main operation.	N/A
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Environmental and Resources Management	81

Material Aspect	Content	Chapter/Statements	Pages
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices	56-70
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the Group solely involves in asset management business and does not deliver physical goods.	N/A
B6.2	Number of products and service related complaints received and how they are dealt with.	Not applicable as the Group solely involves in asset management business and does not deliver physical goods.	N/A
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable as the Group solely involves in asset management business and does not own intellectual property rights.	N/A
B6.4	Description of quality assurance process and recall procedures.	Not applicable as the Group solely involves in asset management business and does not deliver physical goods.	N/A
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security and Privacy	67-69

Material Aspect	Content	Chapter/Statements	Pages
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Ethical Business Behaviors	65-67
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	There were no concluded legal cases regarding corrupt practices brought against the Group or our employees.	N/A
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Ethical Business Behaviors	65-67
B7.3	Description of anti-corruption training provided to directors and staff.	Ethical Business Behaviors	65-67
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Involvement	77-78
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Involvement	77-78
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Involvement	77-78

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

Opinion

What we have audited

The consolidated financial statements of Value Partners Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 95 to 154, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

Key Audit Matters (continued)

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Fee income recognition	
For the year ended 31 December 2022, the Group has recognised fee income of HK$584.5 million, which primarily includes management fees of HK$549.3 million and performance fees of HK$0.9 million. We focused on this area due to the significance of the amount and the risks arising from the manual process involved in fee income recognition. The calculation of management fee and performance fee income is largely a manual process and there is an inherent risk of material misstatement due to the following: a) Interpretation of contractual terms from the relevant prospectus or investment management agreements; b) Manual input of key contractual terms and fee rates in relevant spreadsheets; and c) Manual input of details of assets under management obtained from the third party administrators. The Group's disclosures of fee income are detailed in note 6 to the consolidated financial statements.	Our work included assessing and testing management's key controls on fee income recognition: 1. We assessed and tested the key controls in place over the recognition and calculation of management fee and performance fee income; 2. We developed an understanding of the control objectives and related controls relevant to our audit on the asset under management of the Group by obtaining the service organisation internal control reports provided by the relevant third party administrators setting out the controls in place, and the independent service auditor's assurance report over the design and operating effectiveness of those controls; and 3. We assessed and tested the controls in place over the maintenance of records of assets under management, including the reconciliation to custodian statements. We also performed the following tests on a sample basis: 1. We reviewed the key terms and agreed the fee rates against the contractual terms from the relevant prospectus or investment management agreements; 2. We checked the accuracy of the records of assets under management by examining relevant third party custodian statements; 3. We checked the mathematical accuracy of the fee calculations; and 4. We checked the settlement of the fee income. We assessed the adequacy of the disclosures related to the valuation of investment funds in the context of the applicable financial reporting framework. No material issues arose from the above testing.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investments in investment properties As at 31 December 2022, the Group held direct interests in an investment property and also held indirect interest in various investment properties through a closed-end private equity real estate fund, Value Partners Asia Pacific Real Estate Limited Partnership (the "Real Estate Partnership"). Through the Group's interest in the Real Estate Partnership, the Group held: a) an investment property accounted for at fair value through profit or loss, amounting to HK$197.6 million; and b) investments in three joint ventures, accounted for under the equity method amounting to HK$545.8 million, which included an assessment of the fair value of the joint ventures' underlying investment properties. The determination of the fair value of the investment properties requires significant management judgment. External valuations were obtained to support management's estimates of the investment properties. The valuations of the investment properties are dependent on certain key assumptions that require significant judgment, including the capitalization rates and market rents. We focused on the valuation of these investments due to the significance of the amounts and high degree of estimation uncertainty. The inherent risk in relation to valuation of these investments is considered significant due to the high complexity of the models and the significant management judgment involved in determining the values of these investments. The Group's disclosures of the investments in investment property and joint ventures are detailed in note 19 and note 16 to the consolidated financial statements, respectively.	Our work included an assessment of management's key controls over the valuation of the investments: 1. We obtained an understanding of management's internal control and assessment process of the valuation methodologies and the process employed by management with respect to determining the fair values of the investments in the direct holding of investment property and the underlying investment properties held by the joint ventures. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes, uncertainty and susceptibility to management bias or fraud. We also performed the following tests: 1. We evaluated the appropriateness of the valuation methodologies and the key assumptions used by management for the investment properties; 2. We evaluated the competence, capability and objectivity of the independent external valuers; and 3. We obtained the valuation reports for the investment properties and assessed the reasonableness of key assumptions used and checked, on a sample basis, the accuracy of key inputs used in the valuation process, agreeing the lease terms to tenancy agreements and other supporting documents and comparing the capitalization rates used with an estimated range of expected yields, determined by reference to published benchmarks and market information. We assessed the adequacy of the disclosures related to the valuation of investments in investment properties in the context of the applicable financial reporting framework. Based on the above, we considered that management's judgements and assumptions applied in the valuation of these investments were supportable by the evidence obtained and procedures performed.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter

Valuation of investments that are categorised within level 3 of the fair value hierarchy

As at 31 December 2022, financial instruments measured at fair value of the Group included HK$114.1 million investments in equity securities and investment funds, which are categorised within level 3 of the fair value hierarchy. These level 3 investments include:

a) an investment fund managed by the Group, which invested in private debt instruments, amounting to HK$104.8 million;

b) an investment fund managed by an external fund manager, which invested in private equity instruments, amounting to HK$3.6 million;

c) a suspended listed equity amounting to HK$4.7 million; and

d) an unlisted equity security amounting to HK$1.0 million;

The determination of the fair value of the investment funds requires significant management judgment including the selection of appropriate valuation methods and assumptions based on market conditions existing as at 31 December 2022.

Valuation techniques include market approaches using relevant prices or other relevant information generated by market transactions involving identical or comparative assets or liabilities such as net asset values as provided by the relevant fund administrators. Where the investment funds are closed-ended or there were no recent transactions on the investment funds, the Group reviews the valuations of the underlying investments held by the respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as it considers appropriate.

We focused on the valuation of the investments which are categorised within level 3 of the fair value hierarchy due to the significance of the amounts and high degree of estimation uncertainty. The inherent risk in relation to valuation of the investments which are categorised within level 3 of the fair value hierarchy is considered significant due to the high complexity of the models and the significant management judgment involved in determining the values of these investments.

The Group's disclosures of these investments are detailed in note 4.3 and note 22 to the consolidated financial statements.

Our work included an assessment of management's key controls over the valuation of the investments:

1. We obtained an understanding of management's internal control and assessment process of the valuation methodologies and the process employed by management with respect to determining the fair values of the investments which are categorised within level 3 of the fair value hierarchy. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

We also performed the following tests:

1. We obtained independent confirmations from the relevant fund administrators to confirm the investment funds' net asset values as at 31 December 2022; and

2. On a sample basis, we reviewed the additional procedures performed by management to assess the appropriateness of adopting the net asset value of the investment funds as a basis in determining the fair value of the investment funds.

3. For the suspended listed equity, we assessed the appropriateness of the valuation methodology adopted by the Group. We also assessed the judgments made in determining the valuation of such investment by considering factors which may impact its fair value, including the duration of suspension period, the relevant market information and news of the suspended listed equity, the price movement of comparable listed equities during the suspension period.

4. For the unlisted equity security, we assessed and evaluated the valuation methodology used by the Group to estimate the fair value of the level 3 financial instrument as at 31 December 2022 and evaluated the reasonableness of key assumptions and key inputs used by management in the valuation model taking into account relevant market conditions and businesses of level 3 financial instruments.

We assessed the adequacy of the disclosures related to the valuation of investments which are categorised within level 3 of the fair value hierarchy in the context of the applicable financial reporting framework.

Based on the above, we considered that management's judgements and assumptions applied in the valuation of these investments were supportable by the evidence obtained and procedures performed.

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Li Lien.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2023

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Income			
Fee income	6	584,543	1,281,649
Distribution fee expenses		(252,590)	(526,235)
Net fee income		331,953	755,414
Other income	7	76,741	125,555
Total net income		408,694	880,969
Expenses			
Compensation and benefit expenses	8	(330,088)	(389,543)
Operating lease rentals		(6,978)	(8,008)
Depreciation of right-of-use assets – properties		(20,483)	(23,748)
Other expenses	9	(119,776)	(99,374)
Total expenses		(477,325)	(520,673)
Operating (loss)/profit (before other gains/losses)		(68,631)	360,296
Net (losses)/gains on investments		(336,769)	112,644
Fair value gain of an investment property	19	19,085	18,460
Net foreign exchange losses		(123,422)	(20,068)
Others		3	–
Other (losses)/gains – net	10	(441,103)	111,036
Operating (loss)/profit (after other gains/losses)		(509,734)	471,332
Finance costs		(5,293)	(3,968)
Share of (losses)/gains of joint ventures	16	(25,329)	40,530
(Loss)/profit before tax		(540,356)	507,894
Tax expense	11	(3,959)	(50,081)
(Loss)/profit for the year attributable to owners of the Company		(544,315)	457,813
Other comprehensive (loss)/income for the year			
– Items that have been reclassified or may be subsequently reclassified to profit or loss			
Foreign exchange translation	12	(41,034)	12,836
Total comprehensive (loss)/income for the year attributable to owners of the Company		(585,349)	470,649
(Loss)/earnings per share attributable to owners of the Company (HK cents per share)			
Basic (loss)/earnings per share	13.1	(29.6)	24.7
Diluted (loss)/earnings per share	13.2	(29.6)	24.6

The notes on pages 99 to 154 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	17	167,848	192,106
Right-of-use assets	18	29,500	46,292
Investment property	19	197,608	190,572
Intangible assets	20	15,689	14,930
Investments in joint ventures	16	545,758	424,039
Deferred tax assets	30	3,090	1,538
Investments	22	1,743,189	2,820,414
Other assets		9,491	8,838
		2,712,173	3,698,729
Current assets			
Investments	22	179,371	25,601
Fees receivable	24	67,131	190,060
Tax receivable		100,033	59,936
Prepayments and other receivables		22,688	30,079
Cash and cash equivalents	25	1,666,461	1,665,937
		2,035,684	1,971,613
Current liabilities			
Accrued bonus		44,751	129,192
Distribution fee expenses payable	28	50,793	92,020
Other payables and accrued expenses		43,900	44,926
Lease liabilities	31	19,522	19,771
Borrowing	29	76,054	–
		235,020	285,909
Net current assets		1,800,664	1,685,704
Non-current liabilities			
Accrued bonus		8,977	11,166
Borrowing	29	–	82,634
Lease liabilities	31	9,661	25,878
		18,638	119,678
Net Assets		4,494,199	5,264,755
Equity			
Equity attributable to owners of the Company			
Issued equity	26	1,326,832	1,385,078
Other reserves	27	61,124	83,130
Retained earnings		3,106,243	3,796,547
Total equity		4,494,199	5,264,755

On behalf of the Board

SO Chun Ki Louis
Director

HO Man Kei, Norman
Director

The notes on pages 99 to 154 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2022

		Attributable to owners of the Company			
	Note	Issued equity HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total equity HK$'000
As at 1 January 2021		1,407,105	296,588	3,714,349	5,418,042
Profit for the year		–	–	457,813	457,813
Other comprehensive income					
Foreign exchange translation	27	–	12,836	–	12,836
Total comprehensive income		–	12,836	457,813	470,649
Transactions with owners in their capacity as owners					
Shares repurchase	26	(22,027)	–	–	(22,027)
Share-based compensation	26, 27	–	28,819	–	28,819
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	27	–	(255,113)	255,113	–
Dividends to owners of the Company	14	–	–	(630,728)	(630,728)
Total transactions with owners in their own capacity as owners		(22,027)	(226,294)	(375,615)	(623,936)
As at 31 December 2021		1,385,078	83,130	3,796,547	5,264,755
As at 1 January 2022		1,385,078	83,130	3,796,547	5,264,755
Loss for the year		–	–	(544,315)	(544,315)
Other comprehensive loss					
Foreign exchange translation	27	–	(41,034)	–	(41,034)
Total comprehensive loss		–	(41,034)	(544,315)	(585,349)
Transactions with owners in their capacity as owners					
Shares repurchase	26	(58,246)	–	–	(58,246)
Share-based compensation	26, 27	–	20,670	–	20,670
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	27	–	(1,642)	1,642	–
Dividends to owners of the Company	14	–	–	(147,631)	(147,631)
Total transactions with owners in their own capacity as owners		(58,246)	19,028	(145,989)	(185,207)
As at 31 December 2022		1,326,832	61,124	3,106,243	4,494,199

The notes on pages 99 to 154 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	33	(66,842)	1,304,093
Interest received from cash and cash equivalents		21,935	22,713
Interest received from financial assets at fair value through profit or loss		13,874	30,071
Tax paid		(45,608)	(281,228)
Net cash (used in)/generated from operating activities		(76,641)	1,075,649
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(5,180)	(8,445)
Purchase of investments		(314,817)	(859,066)
Disposal of investments		881,370	152,744
Distributions and dividends received from investments		34,898	49,991
Acquisition of a joint venture		–	(88,150)
Capital redemption and net change in shareholders' loans on joint ventures		(197,440)	33,272
Dividends received from a joint venture		–	13,598
Net cash generated from/(used in) investing activities		398,831	(706,056)
Cash flows from financing activities			
Dividends paid		(147,631)	(630,728)
Share repurchase		(58,246)	(22,027)
Principal and interest elements of lease payments		(21,914)	(23,877)
Repayment of borrowing		(1,487)	–
Interest expense on borrowing		(3,522)	(2,286)
Net cash used in financing activities		(232,800)	(678,918)
Net increase/(decrease) in cash and cash equivalents		89,390	(309,325)
Net foreign exchange (losses)/gains on cash and cash equivalents		(88,866)	854
Cash and cash equivalents at beginning of the year		1,665,937	1,974,408
Cash and cash equivalents at end of the year		1,666,461	1,665,937

The notes on pages 99 to 154 are an integral part of these consolidated financial statements.

1 General Information

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

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

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 16 March 2023.

2 Summary of Significant Accounting Policies

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

2.1 Basis of preparation

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

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

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Reference to the Conceptual Framework – Amendments to HKFRS 3.

New standards issued but are not effective for the financial year beginning 1 January 2022 and have not been early adopted (the financial years for which the adoption is required for the Group are stated in parenthesis).

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12 (2023), and
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2 (2023).

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

2 Summary of Significant Accounting Policies (continued)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

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

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

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

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

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

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

(c) Joint arrangements

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

(d) Equity method

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

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

2 Summary of Significant Accounting Policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(d) Equity method (continued)

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

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

(e) Changes in ownership interests

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

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

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

(f) Structured entities

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

2.3 Business combinations

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

Acquisition-related costs are expensed as incurred.

2 Summary of Significant Accounting Policies (continued)

2.3 Business combinations (continued)

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of non-controlling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.6 Foreign currency translation (continued)

(c) Translation from functional currency to presentation currency

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

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

(d) Disposal of foreign operation

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

2.7 Property, plant and equipment

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

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

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

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

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

Gains or losses on disposals are determined by comparing proceeds with carrying amounts and are recognized in profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.8 Intangible assets

(a) Goodwill

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

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

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

(b) Computer software

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

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

(c) Others

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

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

2.9 Investment properties

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

2 Summary of Significant Accounting Policies (continued)

2.10 Impairment

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

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

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECL") for the financial assets measured at amortized cost (including cash and cash equivalents and fees receivable).

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

Financial assets measured at fair value through profit or loss ("FVPL") are not subject to ECL assessment.

2.11 Investments and other financial assets

Classification

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

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

Recognition and derecognition

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

Measurement

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

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

2 Summary of Significant Accounting Policies (continued)

2.11 Investments and other financial assets (continued)

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

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

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

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

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

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

2.12 Derivative financial instruments

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

2 Summary of Significant Accounting Policies (continued)

2.13 Offsetting financial instruments

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

2.14 Fees receivable

Fees receivable are initially recognized at the amount of consideration that is unconditional unless they contain significant financial components, when they are recognized at fair value, and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

2.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalent are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds. The consideration paid, including any directly attributable incremental costs (net of income taxed), for the repurchase of the Company's equity instruments, is deducted directly in equity.

2.17 Current and deferred tax

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.18 Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's activities.

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

(a) Fee income from investment management activities
Management fees are recognized as the services are performed over time and are primarily based on agreed upon percentage of the net asset values of the investment funds and managed accounts.

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

(b) Fee income from fund distribution services
Front-end fees relating to the distribution services are recognized when the services are performed.

(c) Interest and dividend income
Interest income from financial assets measuring at FVPL is related to the rental income of the underlying property of the loan note and interest income from a listed debt investment. They are recognized on a time proportion basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

2.19 Distribution fee expenses

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

2 Summary of Significant Accounting Policies (continued)

2.20 Compensation and benefits

(a) Bonus

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

(b) Share-based compensation

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

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

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

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

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

(c) Pension obligations

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

(d) Other employee benefits

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

2 Summary of Significant Accounting Policies (continued)

2.21 Borrowing

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

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

2.22 Borrowing costs

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

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

2.23 Leases

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.23 Leases (continued)

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

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

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

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term.

2.24 Dividend distribution

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

2.25 Contingent liabilities and contingent assets

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

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

2.26 Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

3 Critical Accounting Estimates and Judgements

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

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

(i) Recently transacted prices of similar properties in the market. Valuation adjustments will be made to comparable transactions to reflect factors such as differences in time, location, building condition, age, size and view from the building. This is commonly known as the direct comparison method; and

(ii) Market yields of similar properties, which will be adjusted and adopted as capitalization rates for deriving the capital values of income producing properties. This is commonly known as the income approach. The capital values of income producing properties can also be derived from discounted cash flow projections (based on estimates of future cash flows derived from the terms of any existing lease and other contracts, and from external evidence such as current market rentals for similar properties in the comparable location) with appropriate discount rates (which reflect current market risks of the uncertainty in the amount and timing of the cash flows).

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

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

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

4 Financial Risk Management

4.1 Financial risk factors

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

(a) Foreign exchange risk

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

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

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

	Change		Impact on post-tax profit		Impact on other components of equity	
	2022	2021	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Australian dollar	+/– 6%	+/– 5%	+/– 21,977	+/– 45,036	–	–
Japanese dollar	+/– 16%	+/– 5%	+/– 35,278	+/– 15,255	–	–
New Zealand dollar	+/– 6%	+/– 5%	+/– 5	+/– 8	+/– 7,552	+/– 5,770
Pound sterling	+/– 9%	+/– 5%	+/– 9,272	+/– 7,049	–	–
Renminbi	+/– 9%	+/– 5%	+/– 49,851	+/– 27,479	+/– 34,552	+/– 25,354

Refer to Notes 22, 24, 25, 28 and 29 for additional disclosures on foreign exchange exposure.

(b) Interest rate risk

Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from cash and cash equivalents and borrowing, which are interest-bearing at variable rates. The management monitors the interest rate exposure on a continuous basis and adjust the portfolio of bank saving balances, bank deposits and borrowing when necessary. As at 31 December 2022, if interest rates had been 50 basis points (2021: 50 basis points) (these represent a reasonable possible shift in the interest rates, having regard to the historical volatility of the interest rates) higher/lower with all other variables held constant, post-tax profit and equity for the year would have been HK$889,000 higher/lower (2021: HK$685,000 higher/lower). The sensitivity analysis for the years ended 31 December 2022 and 2021 was primarily arising from the increase/decrease in interest income on cash and cash equivalents and interest expense on borrowing.

Fair value interest rate risk

As at 31 December 2021, the Group's fair value interest rate risk arises primarily from loan note, which is financial asset at FVPL. The loan note was disposed during 2022. The Group considered that fair value interest rate risk is insignificant as at 31 December 2022 and 2021. Therefore, sensitivity analysis was not required.

4 Financial Risk Management (continued)

4.1 Financial risk factors (continued)

(c) Price risk

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

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

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

	Change		Impact on post-tax profit	
	2022	2021	2022 HK$'000	2021 HK$'000
MSCI China Index	**+/– 30%**	+/– 10%	**+/– 124,213**	+/– 53,535

Post-tax profit for the year would increase or decrease as a result of gains or losses on investments classified as financial assets at fair value through profit or loss. Refer to Note 22 for additional disclosures on price risk.

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

(d) Credit risk

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

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

4 Financial Risk Management (continued)

4.1 Financial risk factors (continued)

(d) Credit risk (continued)

Cash

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

	2022 HK$'000	2021 HK$'000
AA-	8,788	114,541
A	1,227,382	727,007
A-	121,853	196,503
BBB+	182,153	446,687
BBB	129,341	182,012
Unrated	710	3,357
	1,670,227	1,670,107

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

Investment in loan note

For the investment in loan note, the change of the credit quality is reflected in the fair value. As at 31 December 2021, total unrealized gains amounting to HK$214 million are recognized in profit or loss for the investment in loan note. The loan note was fully repaid during the year ended 31 December 2022.

Fees receivable

As at 31 December 2022, fees receivable including management fees, performance fees and front-end fees from the five major investment funds and managed accounts amounted to HK$46,038,000 (2021: HK$153,931,000), which accounted for 69% (2021: 81%) of the total outstanding balance. Refer to Note 24 for additional disclosures on credit risk.

Impairment of financial assets

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

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all fees receivable.

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

The expected loss rates are based on the payment profiles of fees receivable over a period of 36 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

4 Financial Risk Management (continued)

4.1 Financial risk factors (continued)

(d) Credit risk (continued)

Impairment of financial assets (continued)
Based on the Group's past experience in collecting the outstanding fees receivable, the chance of unsuccessful collection of fees receivable and other receivables were minimal. The Group considered that the expected loss rates for fees receivable are minimal, and no loss allowance is recognized based on such assessment.

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

Impairment losses on fees receivable and other receivables are presented as net impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item. During the year ended 31 December 2022, the Group recognized a write-off of fees receivable. For details, please refer to Note 24. No impairment losses on fees receivable and other receivables was recognized as at 31 December 2021.

(e) Liquidity risk

The Group manages liquidity risk by maintaining a sufficient amount of liquid assets to ensure daily operational requirements are fulfilled. As at 31 December 2022, the Group held liquid assets of HK$1,666,461,000 (2021: HK$1,665,937,000), being cash and cash equivalents, that are expected to readily generate cash inflows for managing liquidity risk.

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

	2022			2021		
	No stated maturity HK$'000	Less than 1 year HK$'000	Between 1 and 5 years HK$'000	No stated maturity HK$'000	Less than 1 year HK$'000	Between 1 and 5 years HK$'000
Assets						
Non-derivative financial instruments	1,751,560	–	171,000	2,155,013	–	691,002
Fees receivable	–	67,131	–	–	190,060	–
Other receivables	–	16,245	–	–	21,763	–
Cash and cash equivalents	288,176	1,378,285	–	305,250	1,360,687	–
	2,039,736	1,461,661	171,000	2,460,263	1,572,510	691,002
Liabilities						
Distribution fee expenses payable	–	(50,793)	–	–	(92,020)	–
Other payables	–	(7,587)	–	–	(11,197)	–
Borrowing	–	(79,937)	–	–	(2,558)	(84,659)
Lease liabilities	–	(20,470)	(9,874)	–	(21,261)	(26,911)
	–	(158,787)	(9,874)	–	(127,036)	(111,570)
Cumulative gap	2,039,736	1,302,874	161,126	2,460,263	1,445,474	579,432

4 Financial Risk Management (continued)

4.2 Capital risk management

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

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

Sensible Asset Management Hong Kong Limited, Sensible Asset Management Limited, Value Partners Hong Kong Limited, Value Partners Limited and Value Partners Private Equity Limited, wholly owned subsidiaries of the Group, are licensed to carry out regulated activities under the Hong Kong Securities and Futures Ordinance ("SFO"). These regulated entities are subject to and complied with the paid-up capital and liquid capital requirements under the SFO during the years ended 31 December 2022 and 2021.

Value Partners Asset Management Singapore Pte. Ltd, a wholly owned subsidiary of the Group, holds a Capital Market Services License for Fund Management issued by the Monetary Authority of Singapore under the Securities and Futures Act ("SFA"). The entity is subject to and complied with the paid-up capital and liquid capital requirements under SFA during the years ended 31 December 2022 and 2021.

Value Partners Fund Management (Shanghai) Limited, a wholly owned subsidiary of the Group, has been registered with the Asset Management Association of China ("AMAC") as a private funds management firm on 18 November 2015. The entity is subject to and complied with the capital adequacy requirements under the AMAC during the years ended 31 December 2022 and 2021.

Value Partners Investment Management (Shanghai) Limited, a wholly owned subsidiary of the Group, has been registered with the AMAC as a private securities fund management firm for domestic investment on 9 November 2017. The entity is subject to and complied with the capital adequacy requirements under the AMAC during the years ended 31 December 2022 and 2021.

Value Partners Private Equity Investment (Shen Zhen) Limited, a wholly owned subsidiary of the Group, has been registered with the AMAC as a private equity funds management firm on 22 May 2018. The entity is subject to and complied with the paid-up capital requirements under the AMAC during the years ended 31 December 2022 and 2021.

Value Partners (UK) Limited, a wholly owned subsidiary of the Group, has been given permission by Financial Conduct Authority ("FCA") to provide regulated products and services since 1 March 2018. The entity is subject to and complied with the paid-up capital and liquid capital requirements under the FCA during the years ended 31 December 2022 and 2021.

Value Partners Asset Management Malaysia Sdn. Bhd., a wholly owned subsidiary of the Group, holds a Capital Market Services License for Fund Management issued by the Securities Commission Malaysia ("SC Malaysia"). The entity is subject to, and complied with the paid-up capital requirement under the SC Malaysia during the years ended 31 December 2022 and 2021.

	Types of regulated activities [b]
Sensible Asset Management Hong Kong Limited [a]	Types 4 and 9
Sensible Asset Management Limited [a]&[c]	Types 1 and 4
Value Partners Hong Kong Limited [a]	Types 1, 2, 4, 5 and 9
Value Partners Limited [a]	Types 1, 2, 4, 5 and 9
Value Partners Private Equity Limited [a]	Types 4 and 9
Value Partners Asset Management Singapore Pte. Ltd	Capital Market Services for Fund Management
Value Partners Fund Management (Shanghai) Limited	Private Funds Management for Overseas Investment
Value Partners Investment Management (Shanghai) Limited	Private Securities Fund Management for Domestic Investment
Value Partners Private Equity Investment (Shen Zhen) Limited	Private Equity Funds Management which includes Qualified Foreign Limited Partnership for domestic investment ("QFLP") and Qualified Domestic Investment Enterprise ("QDIE") for overseas investment
Value Partners (UK) Limited	Providing Regulated Products and Services
Value Partners Asset Management Malaysia Sdn. Bhd.	Capital Market Services for Fund Management

4 Financial Risk Management (continued)

4.2 Capital risk management (continued)

(a) The regulated entities are subject to specified licensing conditions.

(b) The types of SFO regulated activities are as follows:
Type 1: Dealing in securities
Type 2: Dealing in futures contracts
Type 4: Advising on securities
Type 5: Advising on futures contracts
Type 9: Asset management

(c) Sensible Asset Management Limited obtained Type 1 license on 2 November 2021 and removed Type 9 license on 15 August 2022.

4.3 Fair value estimation

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

	Level 1		Level 2		Level 3		Total	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Investments (Note 22)								
Listed securities	680,327	446,071	–	–	4,668	7,780	684,995	453,851
Unlisted securities								
Loan note	–	–	–	–	–	691,002	–	691,002
Equity securities	–	–	–	1,685	1,034	–	1,034	1,685
Investment funds	–	–	1,128,136	1,553,000	108,395	146,477	1,236,531	1,699,477
Sub-total	680,327	446,071	1,128,136	1,554,685	114,097	845,259	1,922,560	2,846,015

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

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

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

- Quoted bid prices (or net asset values) provided by fund administrators for unlisted investment funds. These investment funds invest substantially in private debt instruments and private equities.

- Other techniques, such as recent arm's length transactions, discounted cash flow analysis or reference to other instruments that are substantially the same, for the remaining financial instruments.

4 Financial Risk Management (continued)

4.3 Fair value estimation (continued)

The following table presents the movement of level 3 instruments.

	Year ended 31 December 2022					Year ended 31 December 2021			
	Listed securities HK$'000	Unlisted securities – investment funds HK$'000	Unlisted securities – equity securities HK$'000	Unlisted securities – loan note HK$'000	Total HK$'000	Listed securities HK$'000	Unlisted securities – investment funds HK$'000	Unlisted securities – loan note HK$'000	Total HK$'000
As at 1 January	7,780	146,477	–	691,002	845,259	–	218,703	476,863	695,566
Addition	–	–	–	–	–	–	265	–	265
Transfer	–	–	1,685	–	1,685	7,780	–	–	7,780
Return of capital	–	(32,296)	–	–	(32,296)	–	–	–	–
Disposal	–	–	–	(643,501)	(643,501)	–	–	–	–
(Losses)/gains recognized in profit or loss and included in net (losses)/gains on investments	(3,112)	(5,786)	(651)	(47,501)	(57,050)	–	(72,491)	214,139	141,648
As at 31 December	4,668	108,395	1,034	–	114,097	7,780	146,477	691,002	845,259
Change in unrealized (losses)/gains for level 3 instruments held at year end and included in profit or loss and net (losses)/gains on investments	(3,112)	(5,786)	(651)	(47,501)	(57,050)	–	(72,491)	214,139	141,648

As at 31 December 2022, the level 3 instruments included one suspended listed security, two investment funds and one unlisted equity security (Note 22). As at 31 December 2021, the level 3 instruments included one suspended listed security, two investment funds and a loan note with a related call option.

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

As at 31 December 2022 and 2021, the suspended listed security was valued with reference to its last transaction price and illiquidity adjustment if applicable. The Group considers that the change in the input to the valuation model would not have a significant effect on the Group's result. No quantitative analysis has been presented.

As at 31 December 2022 and 2021, the investment funds were stated with reference to the net asset value provided by the respective administrators of the investment funds.

4 Financial Risk Management (continued)

4.3 Fair value estimation (continued)

During the year ended 31 December 2022, there was no addition of level 3 instruments. During the year ended 31 December 2021, the addition of HK$265,000 represented a capital contribution to an existing private equity fund.

There was a transfer from level 2 to level 3 of an unlisted equity security in the fair value measurement hierarchy. (2021: There was a transfer from level 1 to level 3 of a listed security in the fair value measurement hierarchy due to the suspension of that listed security during the year ended 31 December 2021).

As at 31 December 2022, the unlisted equity security was valued with referenced to its net asset value provided by the investee entity and assessed by the Group.

For the level 3 investments, the Group reviews the valuations of the underlying investments held by the respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as appropriate.

As at 31 December 2021, the loan note with a related call option was valued using discounted cash flow analysis with expected market yield of 5.125% (the discount rate) as the unobservable input. The loan note was repaid during the year ended 31 December 2022.

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

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

The maturities of fees receivable, other receivables, deposits with brokers, time deposits, cash and cash equivalents and other financial liabilities are within one year, and their carrying value approximate their respective fair value.

5 Segment Information

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

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

The Group identified one reportable segment – asset management business as at 31 December 2022 and 2021. The asset management business is the Group's core business. It derives revenues from investment management services to investment funds and managed accounts.

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

The revenue, profit before tax, total assets and total liabilities reported to the Board of Directors are measured in a manner consistent with that in the consolidated financial statements. These assets are allocated based on the operations of the segment.

5 Segment Information (continued)

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

Revenues of approximately HK$72,522,000 (2021: HK$94,247,000) are derived from a single external customer of the asset management business segment.

6 Revenue

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

	2022 HK$'000	2021 HK$'000
Performance fees	904	200,470
Management fees	549,346	926,727
Front-end fees	34,293	154,452
Total fee income	584,543	1,281,649

7 Other Income

	2022 HK$'000	2021 HK$'000
Interest income on cash and cash equivalents	23,745	23,414
Interest income from financial assets at fair value through profit or loss	12,191	29,942
Dividend income on financial assets at fair value through profit or loss	17,300	53,143
Rental income from an investment property (Note 19)	11,686	12,642
Others	11,819	6,414
Total other income	76,741	125,555

8 Compensation and Benefit Expenses

	2022 HK$'000	2021 HK$'000
Salaries, wages and other benefits	247,922	246,010
Management bonus	51,837	108,081
Share-based compensation (Notes 26 and 27)	20,670	28,819
Pension costs	9,659	6,633
Total compensation and benefit expenses	330,088	389,543

8.1 Pension costs – mandatory provident fund scheme

There were no forfeited contributions utilized during the years ended 31 December 2022 and 2021. As at 31 December 2022 and 2021, the Group had no material contributions available to reduce its contributions to the pension schemes in future years.

As at 31 December 2022 and 2021, no contributions were payable to the mandatory provident fund scheme.

8 Compensation and Benefit Expenses (continued)

8.2 Five highest-paid individuals

The five highest-paid individuals of the Group during the year ended 31 December 2022 included four (2021: four) directors whose emoluments are reflected in the analysis shown in Note 38. Details of the remuneration of the remaining highest-paid individual are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, wages and other benefits	2,547	4,956
Management bonus	5,260	3,899
Share-based compensation	–	4,040
Pension costs	18	18
	7,825	12,913

The remaining one (2021: one) individual's emoluments were within the following band:

	Number of individuals	
	2022	2021
HK$5,000,001 to HK$10,000,000	1	–
HK$10,000,001 to HK$20,000,000	–	1

8.3 Senior management remuneration by band

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

	Number of individuals	
	2022	2021
Below HK$5,000,000	5	7
HK$5,000,001 to HK$10,000,000	1	2
HK$10,000,001 to HK$15,000,000	–	2

8.4 Deferred Bonus

During the years ended 31 December 2022 and 2021, a portion of the management bonus granted to the employees and directors of the Group was deferred and payable to the employees and directors if they remain employed with the Group throughout the vesting period between 12 to 36 months. These deferred bonuses are recognized as expenses over the relevant vesting period. Starting from 2018, the Group offered employees eligible to deferred bonus the ability to elect settlement of such deferred bonus in shares of nominated company funds managed by the Group.

The table below summarizes the amount of deferred bonus incurred during the year for years 2023-2025 (2021: years 2022-2024):

	2022 HK$'000	2021 HK$'000
Deferred bonus	1,213	3,092

9 Other Expenses

	2022 HK$'000	2021 HK$'000
Auditor's remuneration	5,663	5,793
Depreciation, amortization and impairment charges	12,962	17,101
Donations	162	512
Entertainment expenses	2,671	3,954
Information technology expenses	21,124	13,590
Insurance expenses	8,527	8,318
Legal and professional fees	5,492	7,032
Marketing expenses	4,873	5,006
Office expenses	6,955	6,790
Recruitment expenses	8,725	186
Registration and licensing fees	1,760	1,696
Research expenses	18,533	17,486
Transaction costs	3,199	3,245
Travelling expenses	1,548	1,341
Write-off of fees receivable	4,637	–
Others	12,945	7,324
Total other expenses	119,776	99,374

10 Other (Losses)/Gains – Net

	2022 HK$'000	2021 HK$'000
Net (losses)/gains on investments		
Net realized gains on financial assets at fair value through profit or loss	251,863	4,248
Net unrealized (losses)/gains on financial assets at fair value through profit or loss	(588,632)	108,396
Fair value gain of an investment property (Note 19)	19,085	18,460
Net foreign exchange losses	(123,422)	(20,068)
Gains on disposal of property, plant and equipment	3	–
Total other (losses)/gains – net	(441,103)	111,036

11 Tax Expense

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

Hong Kong profits tax has been provided on the estimated assessable profit for the year ended 31 December 2022 at the rate of 16.5% (2021: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	2022 HK$'000	2021 HK$'000
Current tax		
Hong Kong profits tax	258	48,127
Overseas tax	6,602	14,716
Adjustments in respect of prior years	(1,349)	(12,319)
Total current tax	5,511	50,524
Deferred tax		
Origination and reversal of temporary differences (Note 30)	(1,552)	(443)
Total tax expense	3,959	50,081

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

	2022 HK$'000	2021 HK$'000
(Loss)/profit before tax	(540,356)	507,894
Tax calculated at domestic tax rates applicable to (losses)/profits in the respective jurisdictions	(88,460)	71,142
Tax effects of:		
Non-taxable income and gains on investments	(24,687)	(50,442)
Non-deductible expenses and losses on investments	95,412	41,700
Adjustments in respect of prior years	(1,349)	(12,319)
Tax losses not recognized	23,043	–
Tax expense	3,959	50,081

The weighted average applicable tax rate was 16.4% (2021: 14.0%).

12 Other Comprehensive (Loss)/Income

	2022 HK$'000	2021 HK$'000
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
Foreign exchange translation	(41,034)	12,836
Total other comprehensive (loss)/income	(41,034)	12,836

13 (Loss)/Earnings Per Share

13.1 Basic (loss)/earnings per share

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

	2022	2021
(Loss)/profit for the year attributable to owners of the Company (HK$'000)	(544,315)	457,813
Weighted average number of ordinary shares in issue (thousands)	1,839,209	1,853,188
Basic (loss)/earnings per share (HK cents per share)	(29.6)	24.7

13.2 Diluted (loss)/earnings per share

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

	2022	2021
(Loss)/profit for the year attributable to owners of the Company (HK$'000)	(544,315)	457,813
Weighted average number of ordinary shares in issue (thousands)	1,839,209	1,853,188
Adjustments for share options (thousands)	–	8,343
Weighted average number of ordinary shares for diluted (loss)/earnings per share (thousands)	1,839,209	1,861,531
Diluted (loss)/earnings per share (HK cents per share)	(29.6)	24.6

14 Dividends

	2022 HK$'000	2021 HK$'000
Proposed final dividend of 3.4 HK cents (2021: 8 HK cents) per ordinary share	62,108	147,999

For the year ended 31 December 2022, the directors recommended a final dividend of 3.4 HK cents per share. The estimated total final dividend is HK$62,108,000. Such dividend is to be approved by shareholders at the Annual General Meeting of the Company on 28 April 2023 and has not been recognized as a liability at the balance sheet date. For the year ended 31 December 2021, final dividend of HK$147,999,000 was declared by the Company and HK$147,631,000 was paid on 25 May 2022.

15 Investments in Subsidiaries

15.1 Corporate structure

As at 31 December 2022, the Company had interests in the following principal subsidiaries:

Name	Country of incorporation/ place of operation	Principal activities	Issued share capital	Effective interest held	
				Directly	Indirectly
Chief Union Investments Limited	Hong Kong	Money lending	1 ordinary share	100%	–
Complete Value Investing Company Ltd	Hong Kong	Property holding	10,000 ordinary shares	–	100%
Gold One Industries Limited	British Virgin Islands	Investment holding	1 ordinary share of US$1	100%	–
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Prosperous Decade Sdn. Bhd.	Malaysia	Investment holding	500,000 ordinary shares of RM1 each	–	100%
Rough Seas Capital Holdings Limited	Hong Kong	Investment holding	1,000,000 ordinary shares	100%	–
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management	110,000,000 ordinary shares and 1,000,000 voting participating preference shares	100%	–
Sensible Asset Management Limited	British Virgin Islands/ Hong Kong	Investment management	2,000,000 ordinary shares of US$0.1 each	100%	–
Value Funds Limited	Hong Kong	Investment holding	1 ordinary share	100%	–
Value Partners Asset Management Malaysia Sdn. Bhd.	Malaysia	Investment Management	11,600,000 ordinary share of RM1 each	100%	–
Value Partners Asset Management Singapore Pte. Ltd.	Singapore	Investment management	1,000,000 ordinary shares of S$1 each	100%	–
Value Partners (Cayman GP) II Ltd	Cayman Islands	Managing member of two investment funds managed by Value Partners Limited	1 ordinary share of US$1	100%	–
Value Partners (UK) Limited	United Kingdom	Investment Management	GBP2,050,000	100%	–

15 Investments in Subsidiaries (continued)

15.1 Corporate structure (continued)

Name	Country of incorporation/ place of operation	Principal activities	Issued share capital	Effective interest held Directly	Indirectly
Value Partners Hong Kong Limited	Hong Kong	Investment management, investment holding and securities dealing	385,000,000 ordinary shares	100%	–
Value Partners Index Services Limited	Hong Kong	Indexing services	1 ordinary share	100%	–
Value Partners Investment Advisory Limited	Hong Kong	Consulting services	25,000,000 ordinary shares	100%	–
Value Partners Limited	British Virgin Islands/ Hong Kong	Investment management, investment holding and securities dealing	11,409,459 Class A ordinary shares and 3,893,318 Class B ordinary shares of US$0.1each	–	100%
Value Partners Private Equity Limited	British Virgin Islands/ Hong Kong	Investment management services	7,000,000 ordinary shares of US$0.1 each	100%	–
Valuegate Holdings Limited	British Virgin Islands/ Hong Kong	Trademark holding	2 ordinary shares of US$1 each	100%	–
Wisdom Resources Development Corporation	British Virgin Islands	Investment holding	1 ordinary share of US$1	–	100%
惠理海外投資基金管理(上海)有限公司	PRC	Investment advisory	Registered capital of RMB20,000,000	–	100%
惠理投資管理(上海)有限公司	PRC	Investment management and advisory	Registered capital of RMB50,000,000	–	100%
惠理股權投資管理(深圳)有限公司	PRC	Equity investment	Registered capital of RMB35,000,000	–	100%

15.2 Interests in structured entities

In addition to the investment funds held by the Group as disclosed in Note 22, the Group also holds the following investment fund which is consolidated within the Group:

		Effective interest held			
		2022		2021	
	Place of incorporation	Directly	Indirectly	Directly	Indirectly
Value Partners Asia Pacific Real Estate Limited Partnership	Cayman Islands	–	100%	–	100%

Refer to Note 23 for further information of Real Estate Partnership.

16 Investments in Joint Ventures

Details of the joint ventures indirectly held by the Group are as follows:

Name	Place of incorporation	Principal activities	Interest held 2022	Interest held 2021
Value Investing Group Company Limited	Hong Kong	Investment holding	50%	50%
Clear Miles Hong Kong Limited	Hong Kong	Investment holding	50%	50%
VP-ZACD Holdings Pte. Ltd.	Singapore	Investment holding	50%	50%
AM 310 Ann Street Investor Unit Trust	Australia	Investment holding	15%	15%

The Group's investments in joint ventures are mainly related to the investment in Real Estate Partnership. Refer to Note 23 for further information.

As at 31 December 2022, Value Investing Group Company Limited ("Value Investing") has a beneficial interest in a trust which owns four logistic centers located in Japan (31 December 2021: three). In August 2022, Value Investing purchased a logistic center in Hokkaido, Japan with a consideration of Japanese dollar ("JPY") 3,200 million (equivalent to HK$186 million) through its subsidiary.

As at 31 December 2022, Clear Miles Hong Kong Limited has a 50% beneficial interest in AM Kent Street Investor Trust which owns an Australian commercial project consisting of two office buildings (31 December 2021: Nil), with a total investment amount of Australian dollar ("AUD") 110.0 million (equivalent to HK$616.9 million) through the committed subscription of 110,000,000 units in AM Kent Street Investor Trust. During the year ended 31 December 2022, Clear Miles Hong Kong Limited invested in two office buildings of AUD99.0 million (equivalent to HK$548.0 million) in which the Group's portion amounted to AUD49.5 million (equivalent to HK$279.7 million) (2021: AUD11.0 million (equivalent to HK$61.9 million) in which the Group's portion amounted to AUD5.5 million (equivalent to HK$30.9 million)).

On 18 February 2021, the Group subscribed 15% of the interest of AM 310 Ann Street Investor Unit Trust with a consideration of AUD15,000,000 (equivalent to HK$88,150,000) and decisions about the relevant activities require unanimous consent of the parties sharing control. As at 31 December 2022, AM 310 Ann Street Investor Unit Trust holds an Australian commercial building (31 December 2021: one).

There are no investments or activities for VP-ZACD Holding Pte. Ltd. for the years ended 31 December 2022 and 2021.

16 Investments in Joint Ventures (continued)

Movement in investments in joint ventures during the year is as follows:

	2022 HK$'000	2021 HK$'000
Investments in joint ventures		
Beginning of the year	240,446	135,217
Share of (losses)/gains of joint ventures	(25,329)	40,530
Acquisition of a joint venture (note a)	–	88,150
Dividends received from a joint venture	–	(13,598)
Capital redemption	–	(4,705)
Exchange differences	(6,365)	(5,148)
	208,752	240,446
Shareholders' loans included in investments in joint ventures		
Beginning of the year	183,593	207,012
Net change in shareholders' loans (note b)	197,440	(6,246)
Exchange differences	(44,027)	(17,173)
	337,006	183,593
End of the year	545,758	424,039

(a) On 18 February 2021, the Group acquired 15% of the interest of AM 310 Ann Street Investor Unit Trust with a consideration of AUD15,000,000 (equivalent to HK$88,150,000). Decisions about the relevant activities require unanimous consent of the parties sharing control.

(b) During the year ended 31 December 2022, the Real Estate Partnership made a contribution of shareholders' loan of AUD49.5 million (equivalent to HK$279.7 million) to Clear Miles Hong Kong Limited (2021: AUD5.5 million (equivalent to HK$30.9 million)). Also, the Real Estate Partnership received repayments of shareholders' loans of AUD2.1 million (equivalent to HK$11.0 million) (2021: AUD2.8 million (equivalent to HK$16.6 million)) and JPY1,303.0 million (equivalent to HK$71.3 million) (2021: JPY290.0 million (equivalent to HK$20.5 million)) from Clear Miles Hong Kong Limited and Value Investing respectively.

Shareholders' loans are unsecured, non-interest bearing and have no fixed repayment terms. Shareholders can demand full repayment of loans upon written demand.

16 Investments in Joint Ventures (continued)

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

	Value Investing Group Company Limited		Clear Miles Hong Kong Limited		AM 310 Ann Street Investor Unit Trust	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Asset – non-current assets	215,643	303,709	246,906	30,947	169,148	180,263
Asset – current assets	262	411	1,655	197	3,762	6,096
Liabilities – current liabilities	(54)	(73)	(18)	(18)	(1,234)	(948)
Liabilities – non-current liabilities	–	–	–	–	(90,312)	(96,545)
Net assets	215,851	304,047	248,543	31,126	81,364	88,866
Income	30,305	31,831	26,170	–	12,920	7,359
Expenses	(10,342)	(10,175)	(14,995)	(44)	(6,366)	(2,266)
Tax expense	(4,144)	(4,483)	(123)	–	–	–
Fair value change of properties	11,145	25,036	(44,646)	–	(2,448)	5,214
Exchange difference	(18,467)	(12,748)	1,262	864	(5,600)	(58)
Profit/(loss) after tax and total comprehensive income/(loss)	8,497	29,461	(32,332)	820	(1,494)	10,249

Commitments in respect of the joint ventures	2022 HK$'000	2021 HK$'000
Commitments to provide funding for a joint venture's capital commitments, if called	–	277,612

There are no other commitments and contingent liabilities relating to the Group's interests in the joint ventures, and no other commitments and contingent liabilities of the joint ventures themselves except as disclosed above.

17 Property, Plant and Equipment

	Property HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Vehicles HK$'000	Total HK$'000
As at 1 January 2021						
Cost	187,782	20,970	3,020	19,271	2,596	233,639
Accumulated depreciation	(4,752)	(13,438)	(2,039)	(17,615)	(1,867)	(39,711)
Net book amount	183,030	7,532	981	1,656	729	193,928
Year ended 31 December 2021						
Opening net book amount	183,030	7,532	981	1,656	729	193,928
Additions	–	4,056	275	2,590	–	6,921
Depreciation (Note 9)	(6,177)	(5,143)	(352)	(1,856)	(546)	(14,074)
Exchange differences	5,212	101	16	2	–	5,331
Closing net book amount	182,065	6,546	920	2,392	183	192,106
As at 31 December 2021						
Cost	187,782	25,026	3,295	21,861	2,596	240,560
Accumulated depreciation	(5,717)	(18,480)	(2,375)	(19,469)	(2,413)	(48,454)
Net book amount	182,065	6,546	920	2,392	183	192,106
Year ended 31 December 2022						
Opening net book amount	182,065	6,546	920	2,392	183	192,106
Additions	–	199	–	1,225	–	1,424
Depreciation (Note 9)	(5,979)	(2,392)	(342)	(1,225)	(183)	(10,121)
Exchange differences	(15,234)	(269)	(43)	(15)	–	(15,561)
Closing net book amount	160,852	4,084	535	2,377	–	167,848
As at 31 December 2022						
Cost	187,782	25,225	3,295	23,086	2,596	241,984
Accumulated depreciation	(26,930)	(21,141)	(2,760)	(20,709)	(2,596)	(74,136)
Net book amount	160,852	4,084	535	2,377	–	167,848

18 Right-of-use Assets

	2022 HK$'000	2021 HK$'000
Cost		
At 1 January	63,173	69,533
Additions	3,764	55,429
Derecognitions	(3,608)	(61,726)
Exchange differences	(71)	(63)
At 31 December	63,258	63,173
Accumulated depreciation		
At 1 January	(16,881)	(54,906)
Depreciation	(20,483)	(23,748)
Derecognitions	3,608	61,726
Exchange differences	(2)	47
At 31 December	(33,758)	(16,881)
Net book value		
At 31 December	29,500	46,292

Except for short-term leases and leases of low-value assets of the Group of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable, the Group recognizes for each of the leases a right-of-use asset. As at 31 December 2022 and 2021, right-of-use assets recognized were related to properties.

Depreciation charge on the right-of-use assets is recognized using the straight-line method, being the period from the dates of the commencement/modification of the leases to the end of the term.

The carrying balances of the right-of-use assets are amortized to nil on the expiry dates of the leases.

19 Investment Property

	2022 HK$'000	2021 HK$'000
Beginning of the year	190,572	181,000
Fair value gain (Note 10)	19,085	18,460
Exchange differences	(12,049)	(8,888)
End of the year	197,608	190,572

On 21 September 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand with a consideration of HK$146,390,000. The fair value of the investment property was HK$197,608,000 at 31 December 2022 (31 December 2021: HK$190,572,000).

The Group measures its investment property at fair value by engaging an independent qualified valuer. The fair value assessment is derived using the income approach and by making reference to recent transacted price or comparable sales transaction available in the relevant property market. The income approach applies a capitalization rate on market rent for deriving the capital value.

The Group's investment property is part of the investments in the Real Estate Partnership. Refer to Note 23 for further information.

Amounts recognized in profit or loss for investment property

	2022 HK$'000	2021 HK$'000
Rental income (Note 7)	11,686	12,642
Direct operating expenses from property that generated rental income	4,821	3,025
Fair value gain recognized in other (losses)/gains – net (Note 10)	19,085	18,460

Fair value measurements using significant unobservable inputs

Significant unobservable inputs used in the fair value measurements for 2022 and 2021 are as follows:

Unobservable inputs	Retail	Student accommodation	Parking	Relationship of increase in unobservable inputs to fair value
Capitalization rate	6% (2021: 5.9%)	6% (2021: 5.9%)	6% (2021: 5.9%)	Decrease in the fair value
Market rent	New Zealand dollar ("NZD")340 (2021: NZD295) per square meter	NZD190 (2021: NZD183) per room per week	NZD50 (2021: NZD45) per space per week	Increase in the fair value (assume other inputs remain constant)

20 Intangible Assets

	Goodwill HK$'000	Computer software HK$'000	Others HK$'000	Total HK$'000
As at 1 January 2021				
Cost	54,435	36,277	7,500	98,212
Accumulated amortization	–	(26,173)	–	(26,173)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
Net book amount	–	8,860	7,500	16,360
Year ended 31 December 2021				
Opening net book amount	–	8,860	7,500	16,360
Additions	–	1,524	–	1,524
Amortization (Note 9)	–	(3,027)	–	(3,027)
Exchange differences	–	73	–	73
Closing net book amount	–	7,430	7,500	14,930
As at 31 December 2021				
Cost	54,435	37,801	7,500	99,736
Accumulated amortization	–	(29,127)	–	(29,127)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
Net book amount	–	7,430	7,500	14,930
Year ended 31 December 2022				
Opening net book amount	–	7,430	7,500	14,930
Additions	–	3,756	–	3,756
Amortization (Note 9)	–	(2,841)	–	(2,841)
Exchange differences	–	(156)	–	(156)
Closing net book amount	–	8,189	7,500	15,689
As at 31 December 2022				
Cost	–	19,659	7,500	27,159
Accumulated amortization	–	(10,226)	–	(10,226)
Accumulated impairment	–	(1,244)	–	(1,244)
Net book amount	–	8,189	7,500	15,689

21 Investments in Associates

Investments in associates measured at fair value

Investments in associates are categorized in 'non-current Investments' in the consolidated balance sheet.

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

	Place of incorporation	Interest held 2022	Interest held 2021
惠理中國鴻信1號私募證券投資基金[a]	China	–	47%
Value Partners Asia Principal Credit Fund Limited Partnership	Cayman Islands	**29%**	29%
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	China	**49%**	49%
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF	Hong Kong	**33%**	–
Value Partners Ireland Fund ICAV[b]	Ireland	**30%**	15%

	Net asset value 31 December 2022 HK$'000	Net asset value 31 December 2021 HK$'000	(Loss)/profit for the year and total comprehensive (loss)/income 31 December 2022 HK$'000	(Loss)/profit for the year and total comprehensive (loss)/income 31 December 2021 HK$'000
惠理中國鴻信1號私募證券投資基金[a]	–	5,900	–	(1,560)
Value Partners Asia Principal Credit Fund Limited Partnership	**356,303**	481,426	**(12,200)**	(91,444)
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	**5,668**	6,230	**14**	(42)
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF	**217,375**	–	**(17,056)**	–
Value Partners Ireland Fund ICAV[b]	**2,202,297**	5,223,855	**(1,308,023)**	(891,331)

The information disclosed reflects the amounts presented in the financial statements of the relevant associates.

(a) 惠理中國鴻信1號私募證券投資基金 was disposed during the year ended 31 December 2022.

(b) The sub-funds under Value Partners Ireland Fund ICAV are considered as an associate in an aggregate basis. The sub-funds included: Value Partners All China Equity Fund, Value Partners Asia Ex-Japan Equity Fund, Value Partners Asian Dynamic Bond Fund, Value Partners China A Shares Consumption Fund, Value Partners China A Shares Equity Fund, Value Partners China A Shares High Dividend Fund, Value Partners Classic Equity Fund, Value Partners Greater China High Yield Bond Fund and Value Partners Health Care Fund.

The fair value of the Group's interests in such investment funds are also summarized in Note 36.3.

22 Investments

Investments include the following:

	2022 HK$'000	2021 HK$'000
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	4,668	7,780
Debt investments – Hong Kong	171,000	–
Investment funds – Hong Kong	495,510	425,212
Investment funds – Malaysia	13,817	20,859
Market value of listed securities	684,995	453,851
Unlisted securities (by place of incorporation/establishment)		
Equity securities – Singapore	1,034	1,685
Investment funds – Cayman Islands	111,247	156,381
Investment funds – China	19,307	28,620
Investment funds – Hong Kong	322,083	586,829
Investment funds – Ireland	670,737	785,618
Investment funds – South Korea	35,543	46,346
Investment funds – United States	77,614	95,683
Loan note – Australia (Note 23)	–	691,002
Fair value of unlisted securities	1,237,565	2,392,164
Representing:		
Non-current	1,743,189	2,820,414
Current	179,371	25,601
Total investments	1,922,560	2,846,015

As at 31 December 2022, HK$851 million (31 December 2021: HK$196 million) of investments in associates was classified as "non-current investments" in the consolidated balance sheet.

The Group provided seed capital to set up a number of investment funds, of which the Group acts as the investment manager or investment advisor. As at 31 December 2022 and 2021, except for the consolidated investment fund disclosed in Note 15.2, the Group determined that all of these investment funds are unconsolidated structured entities. Refer to Note 36.3 for details.

The maximum exposure to loss for all interests in structured entities is the carrying value of the investments in investment funds (refer to Note 36.3) and fees receivable as shown in the consolidated balance sheet. The net asset value of the investment funds held by the Group ranges from HK$2,000 to HK$0.5 billion (2021: HK$2,000 to HK$0.5 billion). The size of the investment funds ranges from US$0.3 million to US$1.4 billion (2021: US$0.8 million to US$1.8 billion). During the years ended 31 December 2022 and 2021, other than seed capital, the Group did not provide other financial support to the unconsolidated structured entities and has no intention of providing other support.

22 Investments (continued)

Investments are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
United States dollar	1,038,419	1,461,630
Hong Kong dollar	742,255	509,441
Renminbi	37,949	50,814
South Korea won	35,543	46,346
Australian dollar	19,637	713,790
Pound sterling	19,615	23,136
Singapore dollar	14,291	18,289
Malaysian ringgit	13,817	20,859
Others	1,034	1,710
Total investments	1,922,560	2,846,015

23 Investment in Value Partners Asia Pacific Real Estate Limited Partnership

In 2017, the Group set up the Real Estate Partnership to engage in real estate private equity business. The Real Estate Partnership focuses on the acquisition of stabilized income assets in the Asia Pacific. As at 31 December 2022, the Group committed US$122 million (equivalent to HK$954 million) capital to the Real Estate Partnership (31 December 2021: US$100 million (equivalent to HK$782 million)). As at 31 December 2022, the investment cost of the Real Estate Partnership was US$28.9 million (equivalent to HK$225.3 million) (31 December 2021: US$97.9 million (equivalent to HK$763.6 million)).

On 22 April 2022, the Group made a capital contribution of US$22 million (equivalent to HK$172 million) to the Real Estate Partnership. There was no undrawn capital commitment as at 31 December 2022 (31 December 2021: Nil). On 27 May 2022, the Group received a distribution of AUD116.5 million (equivalent to HK$644 million) from the disposal of the loan note held by the Real Estate Partnership and a realized gain of HK$240 million was recognized in the consolidated statement of comprehensive income.

As at 31 December 2022 and 2021, the Group held controlling interest in the Real Estate Partnership and all assets and liabilities of this fund was consolidated within the Group's consolidated balance sheet.

23 Investment in Value Partners Asia Pacific Real Estate Limited Partnership (continued)

As at 31 December 2022 and 2021, the assets and liabilities held by the Real Estate Partnership consolidated within the Group's consolidated balance sheet are as follows:

	Underlying investments	Note	31 December 2022 HK$'000	31 December 2021 HK$'000
Non-current assets:				
Investments in joint ventures	– Four Japanese logistic centers (2021: three) – Two Australian commercial projects (2021: one)	(i)	545,758	424,039
Investment property	– One New Zealand student accommodation building	(ii)	197,608	190,572
Investment – Loan note	– Nil (2021: one Australian office building)	(iii)	–	691,002
Non-current liability:				
Borrowing		(iv)	–	(82,634)
Current liability:				
Borrowing		(iv)	(76,054)	–
Other net assets		(v)	7,656	101,800
Total			674,968	1,324,779

(i) For the details of investments in joint ventures, please refer to Note 16.

(ii) The Real Estate Partnership held a student accommodation building located in New Zealand. Refer to Note 19 for further details.

(iii) As at 31 December 2021, the Real Estate Partnership held a loan note with a related call option issued by a Finance Unit Trust (the "Finance Trust"). The proceeds from the loan note were used solely by the Finance Trust to invest in the units of another trust which holds a property in Australia. The related call option is exercisable (1) in the event of default by the Finance Trust; or (2) execution of any contract to sell, dispose, or transfer the Australian property or the property of the Finance Trust. The exercise of the related call option enables the Group to own interest (in the form of ordinary units) in the Finance Trust. The loan note was held by the Group with a fair value of HK$691.0 million and a cost of HK$403.7 million and the fair value represented 12.2% of the Group's total assets as at 31 December 2021. On 24 May 2022, the loan note was early repaid by Finance Unit Trust with a consideration of AUD116.5 million (equivalent to HK$644 million). For the year ended 31 December 2022, the Group received interest income amounted to HK$8.6 million (2021: HK$29.9 million) and recognized a net realized investment gain of HK$239.8 million and a net unrealized investment loss of HK$291.3 million (2021: a net unrealized investment gain amounted to HK$214.1 million) with respect to such loan note.

(iv) The Real Estate Partnership's borrowing of NZD15,395,000 (equivalent to HK$76,054,000) (31 December 2021: NZD15,675,000 (equivalent to HK$82,634,000)) is secured by the student accommodation building located in New Zealand with a fair value of HK$197,608,000 (31 December 2021: HK$190,572,000) as the collateral of the borrowing. The repayment date is 18 October 2023 and the effective interest rate is the sum of the lending bank's bill rate for that interest period plus a margin of 2.25% (31 December 2021: 2.25%) per annum.

(v) Other net assets comprise of cash and cash equivalents, prepayments and other receivables, other payables and accrued expenses.

24 Fees Receivable

The carrying amounts of fees receivable approximate their fair value due to the short-term maturity. The maximum exposure to credit risk at the reporting date is the carrying amounts of the fees receivable. The Group did not hold any collateral as security as at 31 December 2022 (2021: Nil).

Fees receivable from investment management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts. However, some of these fees receivable are only due after the relevant valuation period as a result of credit periods granted to certain investment funds and managed accounts which are generally within one month. The ageing analysis of fees receivable that were past due but not impaired is as follows:

	2022 HK$'000	2021 HK$'000
Fees receivable that were past due but not impaired		
1 – 30 days	482	405
31 – 60 days	5,504	702
61 – 90 days	–	465
Over 90 days	849	4,634
	6,835	6,206
Fees receivable that were within credit period	60,296	183,854
Total fees receivable	67,131	190,060

Fees receivable are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
Australian dollar	836	1,528
Hong Kong dollar	4,313	3,296
Renminbi	20,782	27,559
United States dollar	35,520	155,908
Others	5,680	1,769
Total fees receivable	67,131	190,060

Fees receivable from investment management activities are generally deducted from the net asset values of the investment funds and managed accounts and paid directly by the administrators or custodians of the investment funds and managed accounts at the end of the relevant valuation period or credit period, as appropriate.

During the year ended 31 December 2022, the Group recognized a write-off of HK$4,637,000 of fees receivable from a managed account considering the balance was irrecoverable. There was no impairment provision on fees receivable as at 31 December 2021.

25 Cash and Cash Equivalents

	2022 HK$'000	2021 HK$'000
Cash at banks and in hand	282,223	304,663
Short-term bank deposits	1,378,285	1,360,687
Deposits with brokers	5,953	587
Total cash and cash equivalents	1,666,461	1,665,937

Cash and cash equivalents are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
Australian dollar	13,157	66,272
Hong Kong dollar	279,487	386,596
Pound sterling	75,481	94,355
Renminbi	730,143	780,478
Singapore dollar	41,457	42,057
United States dollar	512,765	271,121
Others	13,971	25,058
Total cash and cash equivalents	1,666,461	1,665,937

26 Issued Equity

	Number of shares	Share capital HK$'000	Share premium HK$'000	Reorganization reserve HK$'000	Total issued equity HK$'000
As at 1 January 2021	1,855,082,831	185,508	2,088,410	(866,813)	1,407,105
Shares repurchase	(5,100,000)	(510)	(21,517)	–	(22,027)
As at 31 December 2021	1,849,982,831	184,998	2,066,893	(866,813)	1,385,078
As at 1 January 2022	1,849,982,831	184,998	2,066,893	(866,813)	1,385,078
Shares repurchase	(23,273,000)	(2,327)	(55,919)	–	(58,246)
As at 31 December 2022	1,826,709,831	182,671	2,010,974	(866,813)	1,326,832

As at 31 December 2022, the total number of authorized ordinary shares of the Company was 5,000,000,000 shares (2021: 5,000,000,000 shares) with a par value of HK$0.1 (2021: HK$0.1) per share and all issued shares were fully paid.

The ordinary shares are non-redeemable and are entitled to dividends. Each ordinary share carries one vote. In the case of winding up of the Company, ordinary shares carry the right to return the paid-up capital and any balance then remaining.

The Company has purchased a total of 23,273,000 shares on the Stock Exchange during the year ended 31 December 2022 (2021: 5,100,000 shares) and the aggregate consideration paid was approximately HK$58,246,000 (2021: HK$22,027,000).

26 Issued Equity (continued)

Share options

The Group operates a share option scheme for directors, employees and others whom the Board of Directors considers, in its sole discretion, have contributed or will contribute to the Group. The share option scheme is effective for a period of ten years from the date it was adopted, after which no new share options will be granted but the provisions of the scheme will remain in full force and effect in all other respects. The share options are subject to terms as the Board of Directors may determine. Such terms may include the exercise price of the share options, the minimum period for which the share options must be held before they can be exercised in whole or in part, the conditions that must be reached before the share options can be exercised. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. 9,250,000 options were granted under the share option scheme for the year ended 31 December 2022 (2021: 8,000,000 options) and the fair value was HK$5,077,000 (2021: HK$7,654,000) on the grant date.

The total expense recognized in the consolidated statement of comprehensive income for share options granted to directors and employees for the year ended 31 December 2022 was HK$20,670,000 (2021: HK$28,819,000) which had no impact to the Group's cash flow. The weighted average fair value of options granted during the years 2022 and 2021 was determined using the Black-Scholes valuation model. The total fair value of options granted is amortized over the vesting period. The significant inputs into the model included share price at the grant date, exercise price, expected volatility, expected dividend yield based on historical dividend per share, expected option life and annual risk-free interest rate. The volatility was measured based on historic average share price volatility over a period of similar maturity to those of the share options. The inputs used in the model are as follows:

	2022	2021
Grant date	11 March	12 March
Share price on grant date (HK$ per share)	3.26	5.55
Exercise price (HK$ per share)	3.47	5.55
Expected dividend yield (%)	7.0	4.3
Expected volatility (%)	41.0	42.7
Risk-free interest rate (%)	1.4	0.6
Remaining time to expected exercise date (year)	3.6	4.0

Movements in the number of share options outstanding and their related exercise prices are as follows:

	Average exercise price (HK$ per share)	Number of options ('000)
As at 1 January 2021	9.40	213,349
Forfeited	13.60	(22,110)
Forfeited	14.09	(87,310)
Forfeited	5.87	(5,500)
Forfeited	4.14	(14,120)
Granted	5.55	8,000
As at 31 December 2021	4.65	92,309
As at 1 January 2022	4.65	92,309
Expired	3.94	(500)
Forfeited	4.14	(3,100)
Granted	3.47	9,250
As at 31 December 2022	4.55	97,959

26 Issued Equity (continued)

Share options (continued)

Out of the 97,959,000 (2021: 92,309,000) outstanding share options, 54,605,000 (2021: 21,000,000) options were exercisable as at 31 December 2022 with weighted average exercise price of HK$4.89 (2021: HK$5.82) per share. No options were exercised during the year ended 31 December 2022 (2021: Nil).

Share options outstanding have the following expiry date and exercise price:

Expiry date	Exercise price (HK$ per share)	Number of options ('000) 2022	2021
30 May 2022	3.94	–	500
14 April 2025	5.87	**20,500**	20,500
22 August 2026	4.14	**60,209**	63,309
11 December 2026	5.55	**8,000**	8,000
10 March 2027	3.47	**9,250**	–

The measurement dates of the share options were 11 Mach 2022, 12 March 2021, 23 November 2020, 15 October 2018 and 31 May 2012, being the dates of grant of the share options. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse. Forfeiture rate is also considered in determining the amount of share option expenses.

27 Other Reserves

	Share-based compensation reserve [(a)] HK$'000	Revaluation reserve HK$'000	Capital redemption reserve HK$'000	Capital reserve [(b)] HK$'000	Foreign exchange translation reserve HK$'000	Total HK$'000
As at 1 January 2021	284,783	(519)	240	–	12,084	296,588
Share-based compensation (Note 8)	28,819	–	–	–	–	28,819
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	(255,113)	–	–	–	–	(255,113)
Foreign exchange translation	–	–	–	–	12,836	12,836
As at 31 December 2021	58,489	(519)	240	–	24,920	83,130
As at 1 January 2022	**58,489**	**(519)**	**240**	**–**	**24,920**	**83,130**
Share-based compensation (Note 8)	**20,670**	**–**	**–**	**–**	**–**	**20,670**
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	**(1,642)**	**–**	**–**	**–**	**–**	**(1,642)**
Foreign exchange translation	**–**	**–**	**–**	**–**	**(41,034)**	**(41,034)**
As at 31 December 2022	**77,517**	**(519)**	**240**	**–**	**(16,114)**	**61,124**

(a) Share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised. The amount will be transferred to retained earnings when the related options are exercised, forfeited or expired.

(b) Capital reserve arises from transactions with non-controlling interests that do not result in a loss of control.

28 Distribution Fee Expenses Payable

The carrying amounts of distribution fee expenses payable approximate their fair value due to the short-term maturity. The aging analysis of distribution fee expenses payable is as follows:

	2022 HK$'000	2021 HK$'000
0 – 30 days	43,130	78,905
31 – 60 days	1,574	695
61 – 90 days	–	532
Over 90 days	6,089	11,888
Total distribution fee expenses payable	50,793	92,020

Distribution fee expenses payable are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
United States dollar	50,274	91,381
Others	519	639
Total distribution fee expenses payable	50,793	92,020

29 Borrowing

	2022 HK$'000	2021 HK$'000
Current		
Bank loan	76,054	–
Non-current		
Bank loan	–	82,634

During the year ended 31 December 2021, the repayment date of the borrowing was renewed from 16 October 2021 to 18 October 2023.

The borrowing is secured by the investment property located in New Zealand as stated in Note 19. The maturity of the borrowing is as follows:

	2022 HK$'000	2021 HK$'000
Within 1 year	76,054	–
Between 1 and 5 years	–	82,634

29 Borrowing (continued)

The effective interest rate of the Group's borrowing at the balance sheet date is as follows:

	2022	2021
Bank loan	4.63%	2.66%

Saved as disclosed above, the carrying amount of the borrowing approximate its fair value as the balance is either at variable rate or the impact of discounting is not significant.

The carrying amount of the borrowing is denominated in the following currency:

	2022 HK$'000	2021 HK$'000
New Zealand dollar	76,054	82,634

30 Deferred Tax

The movement of deferred tax assets is as follows:

Deferred tax assets	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
As at 1 January 2021	1,095	–	1,095
Credited to profit or loss (Note 11)	443	–	443
As at 31 December 2021	1,538	–	1,538
As at 1 January 2022	1,538	–	1,538
Credited to profit or loss (Note 11)	65	1,487	1,552
As at 31 December 2022	1,603	1,487	3,090

31 Lease Liabilities

	2022 HK$'000	2021 HK$'000
At 1 January	45,649	13,232
Addition of new leases	3,764	54,629
Lease payments	(21,914)	(23,877)
Finance costs	1,771	1,682
Exchange differences	(87)	(17)
At 31 December	29,183	45,649

	2022 HK$'000	2021 HK$'000
Representing:		
Current		
– contractual maturity within 1 year	19,522	19,771
Non-current		
– contractual maturity after 1 year but within 2 years	8,916	18,219
– contractual maturity after 2 years but within 5 years	745	7,659
	9,661	25,878
Total lease liabilities	29,183	45,649

32 Financial Instruments by Category

	2022 HK$'000	2021 HK$'000
Category of financial assets		
Financial assets at amortized cost		
Fees receivable (Note 24)	67,131	190,060
Other receivables	16,245	21,763
Cash and cash equivalents (Note 25)	1,666,461	1,665,937
	1,749,837	1,877,760
Financial assets at fair value through profit or loss		
Investments (Note 22)	1,922,560	2,846,015
Category of financial liabilities		
Financial liabilities at amortized cost		
Distribution fee expenses payable (Note 28)	50,793	92,020
Other payables	7,587	11,197
Borrowing (Note 29)	76,054	82,634
	134,434	185,851

33 Notes to the Consolidated Cash Flow Statement

	2022 HK$'000	2021 HK$'000
(Loss)/profit before tax	(540,356)	507,894
Adjustments for		
Interest income on cash and cash equivalents	(23,745)	(23,414)
Interest income from financial assets at fair value through profit or loss	(12,191)	(29,942)
Interest expense on borrowing	3,522	2,286
Interest expense on lease liabilities	1,771	1,682
Dividend income on financial assets at fair value through profit or loss	(17,300)	(53,143)
Share-based compensation	20,670	28,819
Depreciation and amortization	12,962	17,101
Depreciation of right-of-use assets	20,483	23,748
Share of losses/(gains) of joint ventures	25,329	(40,530)
Other losses/(gains) – net	441,103	(111,036)
Changes in working capital		
Other assets	(653)	(6,184)
Fees receivable	122,929	1,305,244
Prepayments and other receivables	7,517	14,536
Accrued bonus	(86,630)	(295,387)
Distribution fee expenses payable	(41,227)	(17,753)
Other payables and accrued expenses	(1,026)	(19,828)
Net cash (used in)/generated from operations	(66,842)	1,304,093

33 Notes to the Consolidated Cash Flow Statement (continued)

Reconciliation of liabilities arising from financing activities

	Borrowing HK$'000 (Note 29)	Lease liabilities HK$'000 (Note 31)	Total HK$'000
At 1 January 2021	86,499	13,232	99,731
Changes from financing cash flows:			
Addition of new leases	–	54,629	54,629
Finance costs	–	1,682	1,682
Principal and interest elements of lease payments	–	(23,877)	(23,877)
Exchange differences	(3,865)	(17)	(3,882)
At 31 December 2021 and 1 January 2022	82,634	45,649	128,283
Changes from financing cash flows:			
Addition of new leases	–	3,764	3,764
Finance costs	–	1,771	1,771
Principal and interest elements of lease payments	–	(21,914)	(21,914)
Repayment of borrowing	(1,487)	–	(1,487)
Exchange differences	(5,093)	(87)	(5,180)
At 31 December 2022	76,054	29,183	105,237

34 Commitments

34.1 Operating lease commitments

The Group leases certain offices and office equipment under non-cancellable operating lease agreements with lease terms within one year. The majority of these lease agreements are renewable at the end of the lease period at market rate.

	31 December 2022 HK$'000	31 December 2021 HK$'000
Within 1 year	241	226
Total operating lease commitments	241	226

34 Commitments (continued)

34.2 Capital commitments

As at 31 December 2022, the Group has unfunded capital commitment in a private equity fund amounted to HK$312,000 (31 December 2021: HK$312,000). As at 31 December 2022, the capital commitment contracted to purchase licensed software and hardware but not yet incurred amounted to approximately HK$10,811,000 (31 December 2021: HK$4,767,000).

	31 December 2022 HK$'000	31 December 2021 HK$'000
Within 1 year	2,618	2,255
1-2 years	2,253	1,791
2-3 years	1,980	721
3 years or above	3,960	–
	10,811	4,767

35 Contingencies

The Group has contingent assets in respect of performance fees and contingent liabilities in respect of the performance fee element of distribution fee expenses arising in the ordinary course of business.

35.1 Contingent assets

Performance fees for non-private equity fund products for each performance period are generally calculated annually with reference to a performance fee valuation day. Performance fees for private equity fund products are generally calculated at the end of the period over which the performance is measured (performance fee valuation day) and this is generally the end of the life of the private equity fund or upon each successful divestment of an investment of the private equity fund. Performance fees are only recognized when they are earned by the Group.

Therefore, as at 31 December 2022 and 2021, performance fees in respect of performance periods ending on a performance fee valuation day not falling within the corresponding year have not been recognized. These performance fees may be receivable in cash if a positive performance results (for non-private equity fund products) or a performance threshold is exceeded (for private equity fund products) on the performance fee valuation days, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

35 Contingencies (continued)

35.2 Contingent liabilities

The performance fee element of distribution fee expenses is based on the performance fees earned by the Group. These distribution fee expenses are recognized when the performance fees are earned by the Group and the Group is obliged to pay the corresponding distribution fee expenses.

As a result, as at 31 December 2022 and 2021, the performance fee element of distribution fee expenses in respect of performance periods ending on a performance fee valuation day not falling within the corresponding year have not been recognized. These distribution fee expenses may be payable in cash if the performance fees are subsequently earned on the performance fee valuation days.

36 Related-Party Transactions

Apart from those disclosed elsewhere in the consolidated financial statements, the Group has also entered into the following significant related-party transactions which, in the opinion of the directors, were carried out in the ordinary course of the Group's business.

36.1 Summary of transactions entered into during the ordinary course of business with related parties

	2022 HK$'000	2021 HK$'000
Consultancy fee to a related party of a director	289	289

36.2 Key management compensation

Key management includes the executive directors of the Group. The compensation to key management for employee services is as follows:

	2022 HK$'000	2021 HK$'000
Management bonus, salaries and other short-term employee benefits	38,980	80,313
Share-based compensation	14,385	21,262
Pension costs	72	54
Total key management compensation	53,437	101,629

36.3 Investments in investment funds which are managed/advised by the Group

The Group has interests in the following consolidated and unconsolidated structured entities. These are the investment funds under the Group's management or advisory and from which it earns fees from investment management or advisory activities and fund distribution activities. These investment funds manage pools of assets from investors, and are financed through the issue of units/shares to investors. Certain investment funds where the Group has control or significant influence are disclosed in Notes 16, 21 and 23.

36 Related-Party Transactions (continued)

36.3 Investments in investment funds which are managed/advised by the Group (continued)

	Fair value	
	2022 HK$'000	2021 HK$'000
Consolidated structured entity		
Value Partners Asia Pacific Real Estate Limited Partnership (Note 23)	674,968	1,324,779
Unconsolidated structured entities		
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	35,543	46,346
Value Gold ETF [b]	474,895*	477,702*
Value Partners Asia Fund, LLC [a]	334	472
Value Partners Asia Principal Credit Fund Limited Partnership (Note 21)	104,795	141,596
Value Partners Classic Fund [i]	3,465*	6,027*
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (Note 21)	72,650	–
Value Partners Fund Series – Value Partners All China Bond Fund [d]	140,543*	155,054
Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund [d]	77,139*	310,935*
Value Partners Fund Series – Value Partners Asian Total Return Bond Fund [d]	12,977*	17,914*
Value Partners Fund Series – Value Partners China A-Share Select Fund [d]	629*	2,655*
Value Partners Fund Series – Value Partners Asian Income Fund [i]	548*	–
Value Partners Greater China High Yield Income Fund [e]	1,005*	3,139*
Value Partners Hedge Fund Limited [a]	2	2
Value Partners High-Dividend Stocks Fund [i]	2,092*	1,321*
Value Partners Intelligent Funds – Chinese Mainland Focus Fund [g]	1,790*	6,764*
Value Partners Intelligent Funds – China Convergence Fund [c]	55	–
Value Partners Ireland Fund ICAV – Value Partners All China Equity Fund [h] (Note 21)	67	99
Value Partners Ireland Fund ICAV – Value Partners Asia Ex-Japan Equity Fund [h] & [i] (Note 21)	30,411	40,470
Value Partners Ireland Fund ICAV – Value Partners Asian Dynamic Bond Fund [j] (Note 21)	32,952	37,206
Value Partners Ireland Fund ICAV – Value Partners China A Shares Consumption Fund [d] (Note 21)	45,036	56,978
Value Partners Ireland Fund ICAV – Value Partners China A Shares Equity Fund [h] & [k] (Note 21)	51,590	72,994
Value Partners Ireland Fund ICAV – Value Partners China A Shares High Dividend Fund [k] (Note 21)	50,108	60,131
Value Partners Ireland Fund ICAV – Value Partners Classic Equity Fund [h] (Note 21)	70	99
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund [d] (Note 21)	357,123*	391,672*
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund [f] (Note 21)	103,380	125,970
Value Partners Multi-Asset Fund [d]	32,654*	40,432*
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership (Note 21)	2,863	2,867
VP-DJ Shariah China A-Shares 100 ETF	13,817	20,859

36 Related-Party Transactions (continued)

36.3 Investments in investment funds which are managed/advised by the Group (continued)

	Fair value	
	2022 HK$'000	2021 HK$'000
惠理中國新時代優選1號私募投資基金	1,384	1,887
惠理中國金鈺1號私募投資基金	400*	1,161*
外貿信託—惠理滬港深6號	904	1,420
交銀國信•匯利202號集合資金信託計劃	1,127	1,482
惠理中國豐泰1號私募投資基金	1,579	2,009
惠理中國鴻信1號私募證券投資基金(Note 21)	–	2,762
惠理中國中睿滬港深1號私募證券投資基金	1,293	1,721
惠理中國安欣價值滬港深1期私募證券投資基金	1,250	1,616
惠理華教（深圳）股權投資合夥企業（有限合夥）	–	9,332
惠理景篤私募證券投資基金	26*	–
外貿信託—惠理滬港深證券投資集合資金信託計劃	882	1,223
惠理中國豐泰3號私募證券投資基金	926	1,138
惠理中國嘉享1號私募證券投資基金	1,094	–
華安財保資管安源33號資產管理產品	5,580	–
Total investments	2,339,946	3,370,234

* The fair value has included investments made on behalf of certain employees of the Group under the deferred bonus plan. For details, please refer to Note 8.

(a) The shares held were management shares.

(b) The units held were Class A and listed class units.

(c) The units held were Class A units.

(d) The units held were Class A and Class X units.

(e) The units held were management shares and Class X units.

(f) The units held were Class A unhedge and hedge.

(g) The units held were Class A, Class Z and Class X units.

(h) The units held were Class RDR units.

(i) The units held were Class X units.

(j) The units held were Class V units.

(k) The units held were Class V and Class X units.

37 Balance Sheet and Reserve Movement of the Company

Balance Sheet of the Company

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Investments in subsidiaries		1,395,661	1,475,585
Amounts due from subsidiaries		1,277,110	1,345,902
		2,672,771	2,821,487
Current assets			
Dividends receivable		–	148,000
Prepayments and other receivables		291	359
Cash and cash equivalents		3,267	3,596
		3,558	151,955
Current liabilities			
Other payables and accrued expenses		855	932
Net current assets		2,703	151,023
Non-current liabilities			
Amounts due to subsidiaries		59,845	66,189
Net assets		2,615,629	2,906,321
Equity			
Issued equity		2,193,645	2,251,891
Other reserves	(a)	77,757	58,729
Retained earnings	(a)	344,227	595,701
Total equity		2,615,629	2,906,321

On behalf of the Board

SO Chun Ki Louis
Director

HO Man Kei, Norman
Director

37 Balance Sheet and Reserve Movement of the Company (continued)

(a) Reserve movement of the Company

	Share-based compensation reserve HK$'000	Capital redemption reserve HK$'000	Retained earnings HK$'000
As at 1 January 2021	284,783	240	832,341
Share-based compensation	28,819	–	–
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options (Note 27)	(255,113)	–	255,113
Profit for the year	–	–	138,975
Dividends	–	–	(630,728)
As at 31 December 2021	58,489	240	595,701
As at 1 January 2022	58,489	240	595,701
Share-based compensation	20,670	–	–
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options (Note 27)	(1,642)	–	1,642
Loss for the year	–	–	(105,485)
Dividends	–	–	(147,631)
As at 31 December 2022	77,517	240	344,227

38 Benefits and Interests of Directors

38.1 Directors' emoluments

The remuneration of each director of the Company is as follows:

	Fees HK$'000	Salaries HK$'000	Management bonus HK$'000	Estimated money value of other benefits [(a)] HK$'000	Pension costs HK$'000	Total HK$'000
Year ended 31 December 2022						
Executive directors						
Dato' Seri CHEAH, Cheng Hye	–	5,182	4,300	2,506	–	11,988
Mr. SO, Chun Ki Louis	–	5,354	4,300	5,872	18	15,544
Ms. HUNG, Yeuk Yan Renee	–	2,952	2,400	3,336	18	8,706
Mr. HO Man Kei, Norman	–	2,952	2,400	4,020	18	9,390
Ms. WONG Wai Man June	–	3,161	2,400	2,230	18	7,809
Independent non-executive directors						
Dr. CHEN, Shih Ta Michael	361	–	–	82	–	443
Mr. Nobuo OYAMA	361	–	–	82	–	443
Mr. WONG Poh Weng	361	–	–	82	–	443
	1,083	19,601	15,800	18,210	72	54,766
Year ended 31 December 2021						
Executive directors						
Dato' Seri CHEAH, Cheng Hye	–	5,433	17,860	6,432	–	29,725
Mr. SO, Chun Ki Louis	–	5,569	19,260	9,285	18	34,132
Ms. HUNG, Yeuk Yan Renee	–	3,070	9,730	5,621	18	18,439
Mr. HO Man Kei, Norman	–	3,070	9,730	6,515	18	19,333
Independent non-executive directors						
Dr. CHEN, Shih Ta Michael	360	–	–	133	–	493
Mr. Nobuo OYAMA	360	–	–	133	–	493
Mr. WONG Poh Weng	360	–	–	133	–	493
	1,080	17,142	56,580	28,252	54	103,108

(a) Other benefits mainly include share-based compensation, rebates of management fees and performance fees by the Group in relation to the directors' investments in the investment funds under the Group's management, insurance premium and professional bodies' membership.

None of the directors received or will receive any fees, inducement fees or compensation for loss of office as directors for the year ended 31 December 2022 (2021: Nil). No directors waived or agreed to waive any emoluments for the year ended 31 December 2022 (2021: Nil).

38.2 Directors' material interests in transactions, arrangement or contracts

No significant transactions, arrangement and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

As at 31 December 2022, details of the Group's subsidiaries under the Listing Rules are as follows:

Name	Place of incorporation/ place of operation	Principal activities	Issued share capital
Chief Union Investments Limited	Hong Kong	Money lending	HK$1
Complete Value Investing Company Ltd	Hong Kong	Property holding	HK$10,000
First Bravo Management Limited	British Virgin Islands	Investment holding	US$1
Fortune Access Industries Limited	British Virgin Islands	Investment holding	US$1
Gold One Industries Limited	British Virgin Islands	Investment holding	US$1
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	HK$1
Mulan Partners Limited	Hong Kong	Dormant	HK$1
Prosperous Decade Sdn. Bhd.	Malaysia	Investment holding	RM500,000
Rough Seas Capital Holdings Limited	Hong Kong	Investment holding	HK$1,000,000
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management	HK$132,314,734
Sensible Asset Management Limited	British Virgin Islands/ Hong Kong	Investment management	US$200,000
Value Executive Solutions Co. Limited	Hong Kong	Investment holding	HK$1
Value Funds Limited	Hong Kong	Investment holding	HK$1
Value Partners Asset Management Malaysia Sdn. Bhd.	Malaysia	Investment management	RM11,600,000
Value Partners Asset Management Singapore Pte. Ltd.	Singapore	Investment management	S$1,000,000
Value Partners (Cayman GP) II Ltd	Cayman Islands	Managing member of two investment funds managed by Value Partners Limited	US$1
Value Partners (UK) Limited	United Kingdom	Investment management	GBP2,050,000
Value Partners Corporate Consulting Limited	Hong Kong	Investment holding	HK$5,000,000
Value Partners Hong Kong Limited	Hong Kong	Investment management, investment holding and securities dealing	HK$385,000,000
Value Partners Index Services Limited	Hong Kong	Indexing services	HK$1
Value Partners Investment Advisory Limited	Hong Kong	Consulting services	HK$25,000,000
Value Partners Limited	British Virgin Islands/ Hong Kong	Investment management, investment holding and securities dealing	US$1,530,278
Value Partners Marketplace Limited	Hong Kong	Dormant	HK$1

Name	Place of incorporation/ place of operation	Principal activities	Issued share capital
Value Partners Private Equity Limited	British Virgin Islands/ Hong Kong	Investment management services	US$700,000
Value Partners REPE(1) Limited	Hong Kong	Investment holding	HK$1
Value Partners Technology Solutions Limited	Hong Kong	Dormant	HK$1
Value Partners Technology Systems Limited	Hong Kong	Dormant	HK$20,000,000
Valuegate Holdings Limited	British Virgin Islands/ Hong Kong	Trademark holding	US$2
Wisdom Resources Development Corporation	British Virgin Islands	Investment holding	US$1
惠理海外投資基金管理（上海）有限公司	PRC	Investment advisory	Registered capital of RMB20,000,000 有限責任公司（獨資）
惠理投資管理（上海）有限公司	PRC	Investment management and advisory	Registered capital of RMB50,000,000 有限責任公司（台港澳法人獨資）
惠理股權投資管理（深圳）有限公司	PRC	Equity investment	Registered capital of RMB35,000,000 有限責任公司（獨資）