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VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

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

(In HK\$ million)	2023	2022	% Change
Total revenue	514.9	584.5	-11.9%
Gross management fees	467.4	549.3	-14.9%
Gross performance fees	–	0.9	-100.0%
Operating loss (before other gains/losses)	35.3	68.6	-48.5%
Profit/(loss) attributable to owners of the Company	23.1	(544.3)	+104.2%
Basic earnings/(loss) per share (HK cents)	1.3	(29.6)	+104.4%
Diluted earnings/(loss) per share (HK cents)	1.3	(29.6)	+104.4%
Interim dividend per share (HK cents)	Nil	Nil	
Special dividend per share (HK cents)	50.0	Nil	
Final dividend per share (HK cents)	Nil	3.4	

FINAL RESULTS

The Board of Directors (the “Board”) of Value Partners Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Income			
Fee income	2	514,856	584,543
Distribution fee expenses		(232,905)	(252,590)
Net fee income		281,951	331,953
Other income		73,065	76,741
Total net income		355,016	408,694
Expenses			
Compensation and benefit expenses	3	(250,848)	(330,088)
Operating lease rentals		(7,069)	(6,978)
Depreciation of right-of-use assets – properties		(19,250)	(20,483)
Other expenses	4	(113,116)	(119,776)
Total expenses		(390,283)	(477,325)
Operating loss (before other gains/losses)		(35,267)	(68,631)
Net gains/(losses) on investments		60,757	(336,769)
Fair value (loss)/gain of an investment property		(3,838)	19,085
Net foreign exchange losses		(11,618)	(123,422)
Others		–	3
Other gains/(losses) – net	5	45,301	(441,103)
Operating profit/(loss) (after other gains/losses)		10,034	(509,734)
Finance costs		(7,447)	(5,293)
Share of gains/(losses) of joint ventures	11	25,008	(25,329)
Profit/(loss) before tax		27,595	(540,356)
Tax expense	6	(4,507)	(3,959)
Profit/(loss) for the year attributable to owners of the Company		23,088	(544,315)
Other comprehensive loss for the year – Items that have been reclassified or may be subsequently reclassified to profit or loss			
Foreign exchange translation	7	(11,144)	(41,034)
Total comprehensive income/(loss) for the year attributable to owners of the Company		11,944	(585,349)
Earnings/(loss) per share attributable to owners of the Company (HK cents per share)			
Basic earnings/(loss) per share	8	1.3	(29.6)
Diluted earnings/(loss) per share	8	1.3	(29.6)

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		156,232	167,848
Right-of-use assets		46,153	29,500
Investment property	10	191,080	197,608
Intangible assets		12,728	15,689
Investments in joint ventures	11	606,068	545,758
Deferred tax assets		3,414	3,090
Investments	12	1,746,875	1,743,189
Other assets		7,293	9,491
		2,769,843	2,712,173
Current assets			
Investments	12	179,442	179,371
Fees receivable	14	56,325	67,131
Tax receivable		35	100,033
Deposits for purchase of investments	15	26,967	–
Amounts receivable on sales of investments		42,953	–
Prepayments and other receivables		26,254	22,688
Cash and cash equivalents	16	1,558,885	1,666,461
Investments held-for-sale	13	17,378	–
		1,908,239	2,035,684
Current liabilities			
Accrued bonus		4,023	44,751
Distribution fee expenses payable	17	46,381	50,793
Dividend payable	9	913,355	–
Other payables and accrued expenses		48,413	43,900
Lease liabilities		14,454	19,522
Borrowing	18	1,170	76,054
Investments held-for-sale	13	784	–
		1,028,580	235,020
Net current assets		879,659	1,800,664
Non-current liabilities			
Accrued bonus		2,399	8,977
Borrowing	18	72,703	–
Lease liabilities		31,702	9,661
		106,804	18,638
Net Assets		3,542,698	4,494,199
Equity			
Equity attributable to owners of the Company			
Issued equity	19	1,326,832	1,326,832
Other reserves		61,998	61,124
Retained earnings		2,153,868	3,106,243
Total equity		3,542,698	4,494,199

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

New standards issued but are not effective for the financial year beginning 1 January 2023 and have not been early adopted

- Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 – Non-current Liabilities with Covenants

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

2. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Management fees	467,354	549,346
Front-end fees	47,502	34,293
Performance fees	–	904
Total fee income	514,856	584,543

3. COMPENSATION AND BENEFIT EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries, wages and other benefits	219,262	247,922
Management bonus	10,656	51,837
Share-based compensation	12,018	20,670
Pension costs	8,912	9,659
Total compensation and benefit expenses	250,848	330,088

4. OTHER EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	5,160	5,663
Depreciation and amortization	12,492	12,962
Donations	102	162
Entertainment expenses	2,717	2,671
Information technology expenses	23,804	21,124
Insurance expenses	6,856	8,527
Legal and professional fees	10,738	5,492
Marketing expenses	2,942	4,873
Office expenses	6,202	6,955
Recruitment expenses	1,445	8,725
Registration and licensing fees	1,742	1,760
Research expenses	21,263	18,533
Transaction costs	2,865	3,199
Travelling expenses	4,525	1,548
Write-off of fees receivable	–	4,637
Others	10,263	12,945
	<hr/>	<hr/>
Total other expenses	113,116	119,776

5. OTHER GAINS/(LOSSES) – NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net gains/(losses) on investments		
Net realized (losses)/gains on financial assets at fair value through profit or loss	(56,007)	251,863
Net unrealized gains/(losses) on financial assets at fair value through profit or loss	116,764	(588,632)
Fair value (loss)/gain of an investment property (Note 10)	(3,838)	19,085
Net foreign exchange losses	(11,618)	(123,422)
Gains on disposal of property, plant and equipment	–	3
	<hr/>	<hr/>
Total other gains/(losses) – net	45,301	(441,103)

6. TAX EXPENSE

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

6. TAX EXPENSE (CONTINUED)

Hong Kong profits tax has been provided on the estimated assessable profit for the year ended 31 December 2023 at the rate of 16.5% (2022: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	172	258
Overseas tax	3,739	6,602
Adjustments in respect of prior years	772	(1,349)
Total current tax	4,683	5,511
Deferred tax		
Origination and reversal of temporary differences	(176)	(1,552)
Total tax expense	4,507	3,959

7. OTHER COMPREHENSIVE LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
Foreign exchange translation	(11,144)	(41,034)
Total other comprehensive loss	(11,144)	(41,034)

8. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(loss) per share are based on the profit for the year attributable to owners of the Company of HK\$23,088,000 (2022: loss of HK\$544,315,000).

The basic earnings/(loss) per share is based on the weighted average number of ordinary shares in issue during the year of 1,826,710,000 (2022: 1,839,209,000). The diluted earnings/(loss) per share is calculated by the adjusted weighted average number of ordinary shares in outstanding during the year of 1,826,710,000 (2022: 1,839,209,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Special dividend of 50.0 HK cents per ordinary share	913,355	–
Proposed final dividend of Nil (2022: 3.4 HK cents) per ordinary share	–	62,108

During the year ended 31 December 2023, the directors recommended a special dividend of 50.0 HK cents per share. The total special dividend is HK\$913,355,000. Such dividend was approved by the board of directors of the Company on 14 December 2023, has been recognized as a liability at the balance sheet date and was subsequently paid on 23 January 2024. For the year ended 31 December 2022, final dividend of HK\$62,108,000 was declared by the Company and HK\$62,108,000 was paid on 25 May 2023.

10. INVESTMENT PROPERTY

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\$191,080,000 at 31 December 2023 (2022: HK\$197,608,000).

11. INVESTMENTS IN JOINT VENTURES

As at 31 December 2023, “investments in joint ventures” on the consolidated balance sheet, amounting to HK\$606,068,000 (2022: HK\$545,758,000), represents the Group’s 50% equity interest in Value Investing Group Company Limited (“Value Investing”), Clear Miles Hong Kong Limited (“Clear Miles HK”), VP-ZACD Holdings Pte. Ltd. (“VP-ZACD”), Golden Partners Investment Limited (“Golden Partners”), respectively, and 15% of the interest in AM 310 Ann Street Investor Unit Trust (“AM 310”) (2022: 50% equity interest in Value Investing, Clear Miles HK, VP-ZACD, respectively, and 15% of the interest in AM 310). Value Investing has the trust beneficiary interests in four logistics centers in Japan (2022: four); AM 310 and Clear Miles HK hold two Australian commercial property projects (2022: two); Golden Partners has the beneficiary interests in seven logistics assets in Italy (2022: Nil).

During the year ended 31 December 2023, the Group has formed Golden Partners with an independent business partner. On 27 July 2023, Golden Partners completed the purchase of a 50% stake in Cromwell Italy Urban Logistics Fund which owns seven logistics assets in Italy, with a total investment amount of Euro 13.1 million (equivalent to HK\$112 million) through the subscription of 50% units in Cromwell Italy Urban Logistics Fund.

12. INVESTMENTS

Investments include the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	1,046	4,668
Debt investments – Hong Kong	176,130	171,000
Investment funds – Hong Kong	555,949	495,510
Investment funds – Malaysia	–	13,817
	<hr/>	<hr/>
Market value of listed securities	733,125	684,995
	<hr/>	<hr/>
Unlisted securities (by place of incorporation/establishment)		
Equity securities – China	5,200	–
Equity securities – Singapore	–	1,034
Investment funds – Cayman Islands	60,289	111,247
Investment funds – China	31,761	19,307
Investment funds – Hong Kong	342,584	322,083
Investment funds – Ireland	652,041	670,737
Investment funds – South Korea	–	35,543
Investment funds – United States	101,317	77,614
	<hr/>	<hr/>
Fair value of unlisted securities	1,193,192	1,237,565
	<hr/>	<hr/>
Representing:		
Non-current	1,746,875	1,743,189
Current	179,442	179,371
	<hr/>	<hr/>
Total investments	1,926,317	1,922,560
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As at 31 December 2023, HK\$711 million (2022: HK\$851 million) of investments in associates was classified as “non-current investments” in the consolidated balance sheet.

13. INVESTMENTS HELD-FOR-SALE

On 12 October 2023, the Group entered into a share sales and purchase agreement with a third party to dispose 75% of its subsidiary, Value Partners Asset Management Malaysia Sdn. Bhd.. The transaction is not completed as at 31 December 2023 and the Group classified its interest in the subsidiary as investments held-for-sale.

	2023
	<i>HK\$'000</i>
Non-current assets classified as investments held-for-sale	
Right-of-use assets	413
Investments	11,027
Other assets	156
	<hr/>
	11,596
Current assets classified as investments held-for-sale	
Fees receivable	19
Tax receivable	689
Prepayments and other receivables	36
Cash and cash equivalents	5,038
	<hr/>
	5,782
Current liabilities classified as investments held-for-sale	
Other payables and accrued expenses	206
Lease liabilities	479
	<hr/>
	685
Non-current liabilities classified as investments held-for-sale	
Deferred tax liabilities	76
Lease liabilities	23
	<hr/>
	99
	<hr/>
Net investments held-for-sale	16,594
	<hr/> <hr/>

14. FEES RECEIVABLE

Fees receivable from investment management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts. However, some of these fees receivable are only due after the relevant valuation period as a result of credit periods granted to certain investment funds and managed accounts which are generally within one month. The ageing analysis of fees receivable that were past due but not impaired is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fees receivable that were past due but not impaired		
1 – 30 days	–	482
31 – 60 days	1,061	5,504
61 – 90 days	409	–
Over 90 days	–	849
	<u>1,470</u>	<u>6,835</u>
Fees receivable that were within credit period	<u>54,855</u>	<u>60,296</u>
Total fees receivable	<u>56,325</u>	<u>67,131</u>

15. DEPOSITS FOR PURCHASE OF INVESTMENTS

During the year ended 31 December 2023, Sensible Asset Management Hong Kong Limited, a subsidiary of the Group, entered into a conditional subscription and share purchase agreement with PT Aldiracita Sekuritas Indonesia, to purchase 29.99% interest in PT Surya Timur Alam Raya Asset Management, with a consideration of US\$3.5 million (equivalent to HK\$27 million). Concurrently, the Group entered into a sales and purchase agreement with Aldiracita Global Investment Pte. Ltd, a subsidiary of PT Aldiracita Sekuritas Indonesia, to sell 29.99% interest in Value Partners Asset Management Singapore Pte. Ltd., a subsidiary of the Group, with a consideration of US\$758,000 (equivalent to HK\$6 million).

As at 31 December 2023, the transactions are still subject to regulatory approvals, the cash consideration of US\$3.5 million (equivalent to HK\$27 million) which have been deposited to escrow account is recognised as “Deposits for purchase of investments” in consolidated balance sheet.

16. CASH AND CASH EQUIVALENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cash at banks and in hand	148,371	282,223
Short-term bank deposits	864,893	1,378,285
Investments in money market instruments	544,648	–
Deposits with brokers	973	5,953
	<u>1,558,885</u>	<u>1,666,461</u>
Total cash and cash equivalents	<u>1,558,885</u>	<u>1,666,461</u>

17. DISTRIBUTION FEE EXPENSES PAYABLE

The carrying amounts of distribution fee expenses payable approximate their fair value due to the short-term maturity. The aging analysis of distribution fee expenses payable is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	41,089	43,130
31 – 60 days	678	1,574
Over 60 days	4,614	6,089
Total distribution fee expenses payable	46,381	50,793

18. BORROWING

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current		
Bank loan	1,170	76,054
Non-current		
Bank loan	72,703	–

The borrowing is secured by the investment property located in New Zealand (Note 10).

The maturity of borrowing is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 year	1,170	76,054
Between 1 and 5 years	72,703	–
	73,873	76,054

19. ISSUED EQUITY

	Number of shares	Issued equity <i>HK\$'000</i>
As at 1 January 2022	1,849,982,831	1,385,078
Shares repurchase	(23,273,000)	(58,246)
As at 31 December 2022, 1 January 2023 and 31 December 2023	1,826,709,831	1,326,832

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 HK\$58,246,000.

20. SUBSEQUENT EVENTS

During the year ended 31 December 2023, the Group entered into a share sales and purchase agreement with a third party to dispose 75% of its subsidiary, Value Partners Asset Management Malaysia Sdn. Bhd., with a consideration of Malaysian ringgit 2.8 million (equivalent to HK\$4.6 million). As at 31 December 2023, the transaction is not completed and the Group recognized its interest in the subsidiary under current assets and current liabilities as “investments held-for-sale”. The transaction has been completed on 8 March 2024. Refer to Note 13 for details.

CHAIRMAN’S STATEMENT

In recent years, Value Partners has faced very volatile markets, putting us to a severe test. From a net profit of HK\$1.4 billion in 2020, the group swung to an unprecedented loss of HK\$544 million in 2022. Then in 2023, the year under review, we turned around to make a small profit of HK\$23 million (per share earnings of HK1.3 cents).

The near-term outlook is uncertain, but we see the potential for significant gains as Beijing tilts back to a pro-growth strategy. Right now, Value Partners is positioned to take advantage of any improvement in business conditions, while at the same time, we have built our defences against any further setbacks in the market.

Importantly, our focus is on fund performance, making sure our Investment Team carries out value-investing to high professional standards.

In this regard, we’re proud to report continuing success, with top-quartile performances over short and long term periods recorded by various equities, fixed-income and multi-asset portfolios under our management.

This can be seen from the healthy performance of our two leading equities funds – the Classic Fund (US\$894 million in size) and the High-Dividend Stocks Fund (US\$1.44 billion in size) – as compared to the MSCI China Index, a widely used benchmark:

	VP Classic Fund	VP High-Dividend Stocks Fund	MSCI China
2023	Down 5.0%	up 4.1%	down 11.2%
5 years	up 16.3%	up 14.4%	down 23.3%
10 years	up 40.2%	up 37.1%	up 5.3%
20 years	up 313.6%	up 375.9%	up 229.5%

Note: Cumulative performance net of all fees.

Sources: Value Partners data, Bloomberg. Updated to 31 December 2023

Value Partners’ assets under management stood at US\$5.6 billion as of 31 December 2023, a decrease of 9% from the year-earlier figure. Subscriptions to our funds totaled US\$1.2 billion while redemptions totaled US\$1.5 billion (gross). We believe we gained market share in a depressed market.

Although Chinese stocks and fixed-income products remain a core focus for us, some of our portfolios are already well diversified, across Asia and other parts of the world. Furthermore, the Value Partners Value Gold Exchange Traded Fund (“ETF”), listed in Hong Kong, reached a size of HK\$1.9 billion. Launched in 2010, this ETF is 100% backed by physical gold bars stored in Hong Kong.

For a detailed report on the group, please refer to the accompanying “Management Discussion and Analysis” section.

Welcoming the GF Group

In 2023, we took another pragmatic measure – bringing in a major new shareholder, the GF Group of China. Headquartered in Guangzhou, the group has a dual listing in Shenzhen and Hong Kong. GF is a leader in the domestic asset management industry, affiliated with E-Fund and GF Fund, respectively ranked No. 1 and No. 3 in size in the Chinese asset management industry. In the securities and investment banking business, GF, which has a history of more than 30 years, ranks among China’s top 5 institutions.

Please refer to our announcements dated 1 June 2023 and 4 January 2024. In summary, GF purchased a stake of slightly more than 20% in Value Partners from the two founding shareholders, Cheah Cheng Hye and V-Nee Yeh, who retained shareholdings of 13.2% and 8.5%, respectively (figures updated to 4 January 2024).

The deal brings synergistic benefits to both parties. From our perspective, the entry of an industry leader as a major shareholder should improve confidence in our company, increase our business potential and provide greater access to markets.

Just before the January 2024 closing for the GF transaction, we declared a special dividend of 50 HK cents per share, rewarding all existing shareholders of the company. Note that Value Partners, which has been accumulating capital since it started in 1993, has a strong financial position. The group, after paying out the special dividend, still maintains HK\$3.5 billion in shareholders’ capital (mostly cash and liquid securities) and virtually no debt as of 31 December 2023.

Regarding China, we believe the country’s difficulties have been much exaggerated. In 2023, the Chinese economy grew 5.2%, and it remains on track to overtake the U.S. in the medium term (for example, a new forecast from the London-based Centre for Economics and Business Research sees China becoming the world’s biggest economy by 2038).

Having said that, the current challenge for China is that it faces a “negative feedback loop,” in which negative perceptions circulate among members of the public and the press in a self-reinforcing manner. To overcome the problem, we anticipate major new initiatives from Beijing to promote the private sector, inclusive of better protection for property rights.

Beijing’s key policy is the Common Prosperity programme, and this is good, as it allows China to have a fairer, more inclusive and therefore more sustainable system. But such a programme, if it doesn’t come with rising living standards, doesn’t really help people, and now what we have is a growing urgency to stimulate growth and business.

It’s not surprising that in July 2023, Beijing made a major announcement, launching a 31-point plan to promote entrepreneurship and make the private sector “bigger, better and stronger.” This plan still needs better execution and reinforcement, however. By early 2024, Beijing was busy drafting new legislation to address the concerns of private businesses, including protection of ownership rights, guaranteeing the legitimate interests of the private sector and ensuring equal treatment of private and state-owned enterprises.

Appreciation

To the many clients, shareholders, service providers and friends who have supported and encouraged us, we shall always be grateful. May I also 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 182 staff.

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

MANAGEMENT DISCUSSION AND ANALYSIS

It was a challenging year for most Asian markets in 2023, with several uncertainties unfolding during the period. Globally, inflationary pressure across different regions led to one of the fastest and strongest monetary tightening cycles. In Asia, China's markets remained volatile as the nation's post-Covid economic recovery lost momentum for most of the year. At the same time, ongoing geopolitical conflicts added to investor concerns.

Investor confidence turned fragile amid these uncertainties, and there was little appetite for risk assets, especially for Chinese securities. As some of our investment strategies invest in these risk assets, our assets under management ("AUM") also slightly declined during the year, driven by the market's lackluster performance and modest outflows from some of our funds.

In response to the challenging business landscape, we recognized the need to adapt to the changing needs of investors to better cater to their financial goals and risk tolerance. At the same time, we continued our prudent approach to cost management to ensure financial stability. We believe our persistent efforts during the year have bolstered our resilience against uncertainties, positioning us to navigate potential challenges that may arise in the future with greater confidence.

The addition of GF Securities as a new strategic shareholder to Value Partners also instills a renewed sense of confidence in our business and its potential. As one of the largest financial services firms in China, with various businesses in securities, investment banking, and asset management, GF Securities also brings invaluable expertise and experience. This collaboration is expected to open doors to new opportunities, expand our business potential, and enable us to tap into a larger customer base.

Although uncertainties continue to linger in the short-to-medium term, Asia remains a high-growth region for the asset and wealth management industry. Asia's continued economic expansion, favorable demographics, and rising middle class present opportunities for asset managers like us to tap into the growing wealth and increasing demand for investment solutions in the region. Given our ongoing efforts to be a leader in Asia investing, our expertise and resources should position us to capitalize on the growth potential that the region offers.

Financial highlights

As of the end of December 2023, our assets under management ("AUM") stood at US\$5.6 billion, slightly down by 9% from US\$6.1 billion at the end of 2022, mainly due to the weak market backdrop and the risk-off stance of some investors. As a result, our gross management fees dropped 15% year-on-year to HK\$467 million in 2023.

Despite the challenging period, the Group recorded a net profit of HK\$23 million, compared with the HK\$544 million losses reported in 2022. The improved result was primarily driven by the investment gains derived from the Group's proprietary investments, which were mainly seed capital investments in its own funds, and decreased total expenses that compensated for the reduced management fees.

We also captured US\$1.2 billion in gross subscriptions in 2023 despite the tough market, thanks to the strong performance of some of our investment strategies relative to our industry peers. In particular, there was strong demand for our equity and multi-asset strategies, with continuous net inflows into our flagship fund – the Value Partners High-Dividend Stocks Fund, a Chinese equities mandate from a European client, and our multi-asset Asian income strategies.

On the cost front, the Group continued with its disciplined control cost measures. Given the challenging business landscape, we have taken pragmatic measures to optimize costs, including streamlining team structure and operation with reduced headcounts in various business functions and exercising stringent cost control for enhanced productivity and efficiency. These measures allowed us to align our workforce with current business needs better while maintaining financial stability to help us pass through these tough market times. Fixed operating expenses, including fixed salaries and benefits, rental, investment research, information technology, and other administrative and office expenses, were HK\$335 million in 2023, decreasing by 6% compared to HK\$358 million from last year despite general inflationary pressures on operating costs.

As of 31 December 2023, the Group continued to run a solid balance sheet, with net assets of HK\$3.5 billion, including cash and cash equivalents of HK\$1.6 billion and investments of HK\$2.7 billion, netted off with a special dividend payable of HK\$0.9 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.

Product highlights

Our company's investment strategies have stood out compared to other industry peers during the year, showcasing our commitment to delivering high-quality products and demonstrating our expertise in navigating the market, especially in volatile periods. Almost two-thirds of our AUM achieved first-quartile performance in 2023, including our flagship Classic and High-Dividend Stocks funds, our thematic Healthcare and A-Share Innovation funds, our multi-asset funds, and fixed income strategies#.

Additionally, our Value Gold ETF attracted more investors during the year, with its AUM increasing by 10.4% to US\$243 million in 2023, thanks to our effective campaigns to raise awareness and educate investors about the benefits of investing in the product.

Our investment capabilities continued to gain recognition in the industry, solidifying further our reputation as a trusted and successful asset manager in Asia. 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. In addition, our Greater China High Yield Fixed Income Fund received the Best-in-Class award in the Greater China High Yield Fixed Income category at the 2023 Benchmark Fund of the Year Awards and also won the one-year Yinghua Award hosted by China Fund News in the same category. Similarly, the Value Partners Taiwan Fund received the one-year Yinghua Award for Greater China equity.

Enhancing our client relationships and reach

We strengthened the coverage of our business in 2023 further as we continued to expand our client reach across different markets and segments.

The wealth management segment remains a key strategic area for growth in our business. Given our ongoing efforts to deepen our relationships with our distribution partners in Hong Kong and overseas, we saw continued support from them, with positive inflows in some of our funds, especially our dividend and multi-asset strategies. With our enhanced brand image, we are also able to continue our efforts to expand our banking network to include more partners. Additionally, we strengthened our distribution relationships in Singapore, with inflows from new private bank accounts in the city-state.

Morningstar, for the one-year period ending 29 December 2023

We also continued to build our family office coverage in the region, especially in Hong Kong and Singapore, and have built solid pipelines with new businesses developed. To complement our already-strong Greater China coverage in our Hong Kong headquarters, we are putting in dedicated resources in Singapore to service Southeast Asia’s increasing wealth management demands.

On top of the ongoing buildout of our Singapore office, we continued our efforts to tap new markets in Asia. In July 2023, we formed a strategic partnership with Indonesia-based PT Surya Timur Alam Raya Asset Management (“STAR AM”), where Value Partners proposed to acquire a 29.99% stake in STAR AM, while STAR AM’s group entity also intends to have a 29.99% stake in Value Partners Asset Management Singapore.

The alliance marks a significant milestone in our expansion strategy in Southeast Asia. It enables Value Partners to bring innovative and distinct investment solutions to the fast-growing Indonesian market. At the same time, the partnership supports our efforts to tap wealth opportunities in Singapore as well. We are optimistic that this collaboration will allow us to capitalize on Southeast Asia’s long-term growth and development. We are on track to launch our first product with STAR AM in 2024 and are exploring other solutions based on the local market’s needs.

On the institutional front, we have seen a noticeable pick-up of interest in our product offerings for Asia and Greater China since the end of last year from global institutions, particularly from Asia and the Middle East. While investors have generally trimmed their exposures to risk assets – especially to China – in recent years, some are now looking to increase their investments again to take advantage of a potential market improvement. We expect this trend to grow in 2024, which should benefit Asian investment experts like us. In addition, a leading European financial institution added more capital allocations this year to the mandate we secured with the firm in 2020. Given our enhanced resources for better coverage in the institutional space, we are better equipped to hold more brand-building initiatives and build more mandates.

Growing our product suite

In 2023, we continued our journey in diversifying and broadening further our product suite to include a wider range of investment offerings to better cater to the evolving needs of investors. These include a money market fund and expanding our fixed income product suite, and further developing our alternatives franchise.

Fixed income is one of the key focuses of our growth strategy. As part of our plans to expand our fixed income product suite, we introduced the Value Partners USD Money Market Fund to professional investors in September and then rolled out the product to retail investors in Hong Kong in the following month. We recognized the growing demand for cash-equivalent investment solutions that offer income and capital preservation, especially during periods of elevated market volatility. We also hired Sean CHANG as Co-Chief Investment Officer, Fixed Income, at the beginning of 2023 to help create and manage high-quality and innovative fixed income solutions for our clients. We expect to roll out more fixed income strategies in 2024, along with other products in the pipeline.

We also carried through our plans of developing further our alternatives franchise. Together with Shenzhen Capital (International) Asset Management Company Ltd., we launched a Greater Bay Area (“GBA”)-focused strategy that invests in the public and private markets, which had its first close in August 2023. Besides generating investment returns, one of its objectives is to assist companies in expanding their business in the GBA. We are excited about the opportunities it will bring, especially given its clear social value in contributing to the development of Hong Kong and the GBA.

On the real estate front, our Asia Pacific Real Estate Limited Partnership has achieved above-average yields. Following its success, we are planning to launch a logistics-focused real estate fund. We are actively discussing the new opportunity with prospective investors, and their feedback has been positive so far. We plan to widen the range of our alternative solutions further as we strengthen our alternatives franchise.

We are also exploring new product ideas for our exchange-traded fund (“ETF”) franchise. In January 2024, we signed a Memorandum of Understanding (“MoU”) with an approved virtual asset manager in Hong Kong to explore launching a Bitcoin spot ETF in the city, offering investors exposure to the world’s largest digital asset. We aim to contribute to the continued growth and success of Hong Kong as a leading international virtual assets center and bring more innovative investment solutions to investors.

As we embark on our fourth decade of growth, we will continue to roll out several initiatives to expand our product suite to cater to the evolving needs of investors.

Taking advantage of cross-border opportunities with the Mainland

As a Hong Kong-headquartered asset manager, we are strategically positioned to take advantage of Hong Kong’s role as a “super-connector” to Mainland China, with various cross-border schemes that facilitate international investors to invest in the Mainland and vice-versa.

Our China business continues to leverage the various cross-border schemes through our business licenses in the qualified domestic limited partnership (“QDLP”), qualified domestic investment entity (“QDIE”), qualified foreign limited partnership (“QFLP”), institutional and private fund management (“PFM”) mandates, the Mainland-Hong Kong Mutual Recognition of Funds (“MRF”), and opportunities arising from the GBA Wealth Management Connect Scheme.

Despite the challenging landscape, we were able to drive positive developments in the Mainland. In 2023, we were granted a quota of US\$200 million for the Qianhai QFLP program, allowing us to launch more products and diversify our product offerings further in the market.

We continue to strengthen our relationship with existing local partners in this competitive market and will explore and watch out for new policies or cross-border schemes that could bring new business to our Group.

More ESG developments underway

Developing our ESG capabilities is among our top priorities. ESG is part of our growth strategy, especially given the rising demand from global clients to address major environmental and sustainability challenges.

With our enhanced capability, we are launching and upgrading our suite of funds across asset classes to be Sustainable Finance Disclosure Regulation (“SFDR”) Article 8 compliant to meet the future expectations and requirements of global investors. SFDR Article 8 funds promote ESG characteristics and invest in sustainable assets. This move is an important step in our effort to build a comprehensive suite of products to meet investors’ ESG investment needs.

As a leader in ESG investing in Asia, we also continued to set an example by sharing our knowledge with the wider community. We 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 be an “ESG Elite” via the various training offered in the challenge. We also spoke at various seminars and panel discussions hosted by different institutions to impart our insights on sustainability. Through these efforts, we hope to share our vision and arouse interest in key ESG topics and issues.

The industry has recognized our commitment to ESG practices and responsible investing. In June, Value Partners Group was among the winners of the ESG Leading Enterprise Awards of the Year 2023 by Master Insight Media in Hong Kong. Additionally, Frank TSUI, the Group’s Head of ESG Investment, received the ESG Elite Award (Distinction) at the ESG Achievement Awards 2022/2023 organized by the Institute of ESG and Benchmark.

Business outlook

The year 2023 was one of the most challenging years in the firm’s history. Navigating through this unprecedented market and business landscape required us to adapt and learn new ways of doing business. Thankfully, our strong 30-year history, which has weathered various business cycles, and the dedication of our team to rise to the challenge played a crucial role in propelling us forward even in the toughest of times.

There is no doubt that Asia continues to present long-term opportunities for asset managers like us, as the region remains a high-growth area for wealth creation. Our strong financial position, coupled with our ongoing efforts to strengthen our investment capabilities, should position us to capture these opportunities in this fast-growing region. Our commitment to our long-held bottom-up and selective approach to value investing underpins our company’s competitive edge and positions us to be an ideal investment partner.

As we grow our business further, we will bring more high-quality 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 of our colleagues, shareholders, clients, and business partners for their continued support and loyalty. 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.

FINANCIAL REVIEW

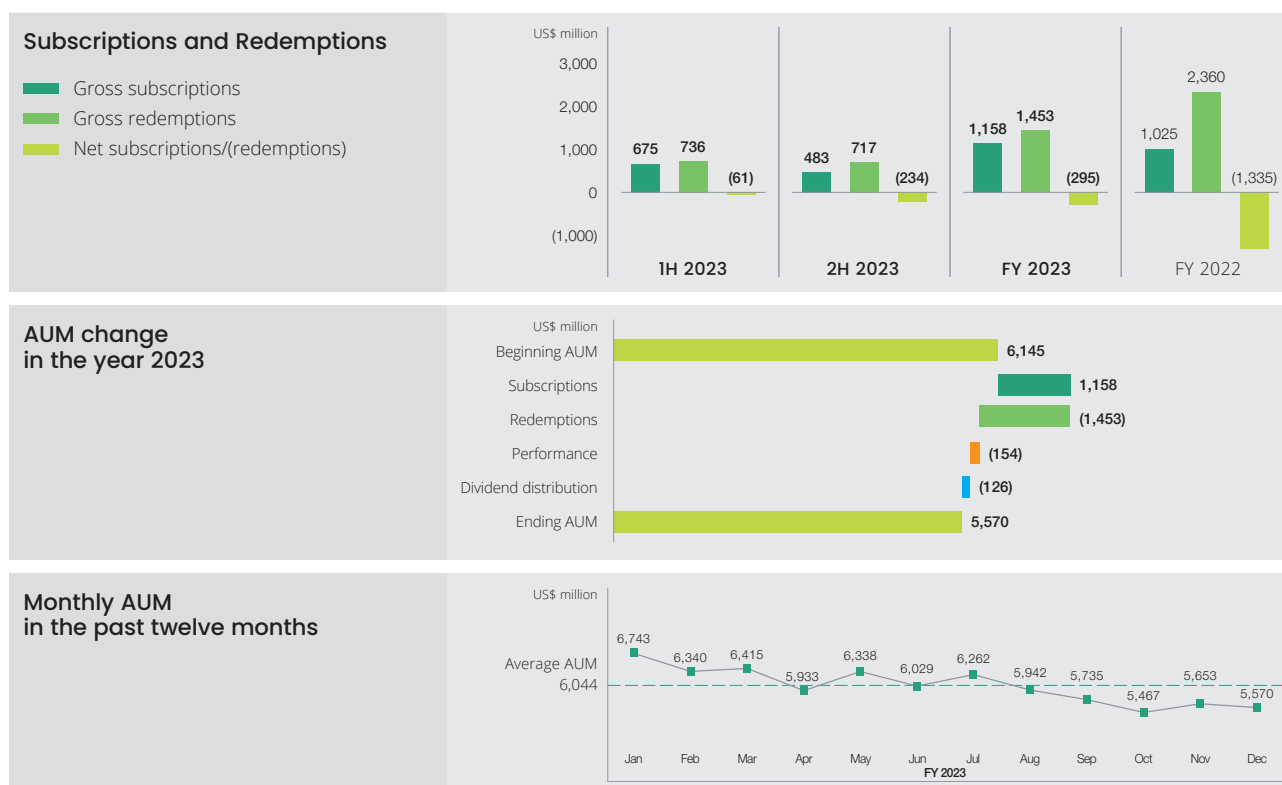
Assets Under Management (“AUM”)

AUM and return

The Group’s AUM stood at US\$5,570 million at the end of December 2023 (31 December 2022: US\$6,145 million). The decline of 9% was mainly attributable to a net redemption of US\$295 million and a negative fund returns of US\$154 million driven by both high interest rates and unfavorable market conditions during most of 2023 and investors’ risk-off stance.

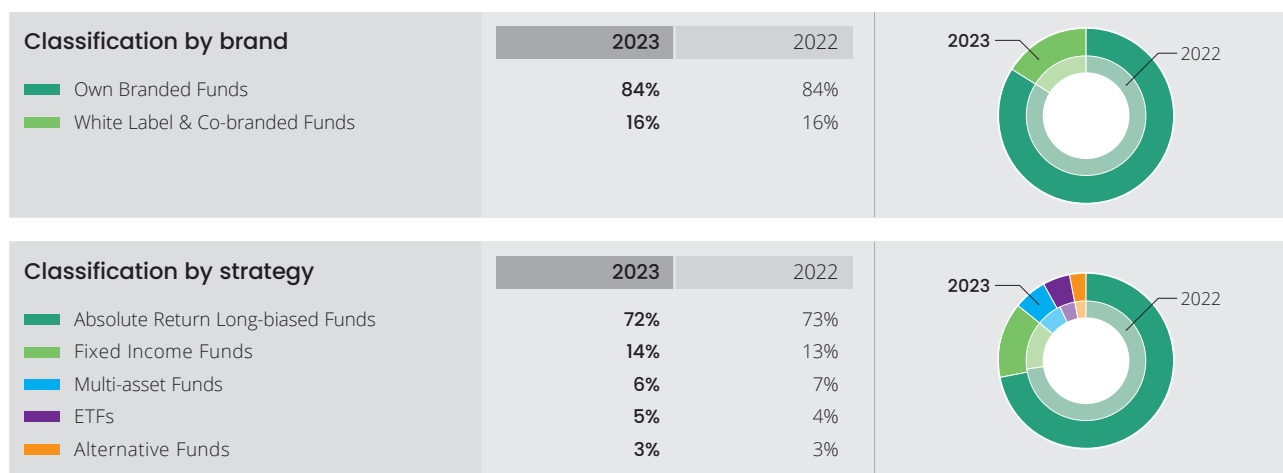
Overall fund performance¹, calculated as the asset-weighted average return of funds under management, was a decline of 2.5% in 2023 compared with 10.5% & 11.2% decline in Hang Seng Index and MSCI China Index (Total Net Return), respectively. Among our funds, the Value Partners High-Dividend Stocks Fund², the Group’s largest public fund³, recorded a gain of 4.1% during the year. The Value Partners Greater China High Yield Income Fund⁴ increased by 4.3% during the year while the Value Partners Classic Fund⁵ fell 5% during the year.

During 2023, we recorded increased gross subscriptions of US\$1,158 million (2022: US\$1,025 million) and a much reduced gross redemptions of US\$1,453 million (2022: US\$2,360 million) with net redemption of US\$295 million (2022: net redemption of US\$1,335 million) showing a much improved fund flow from prior year despite the challenging market sentiment, especially on China stock market.



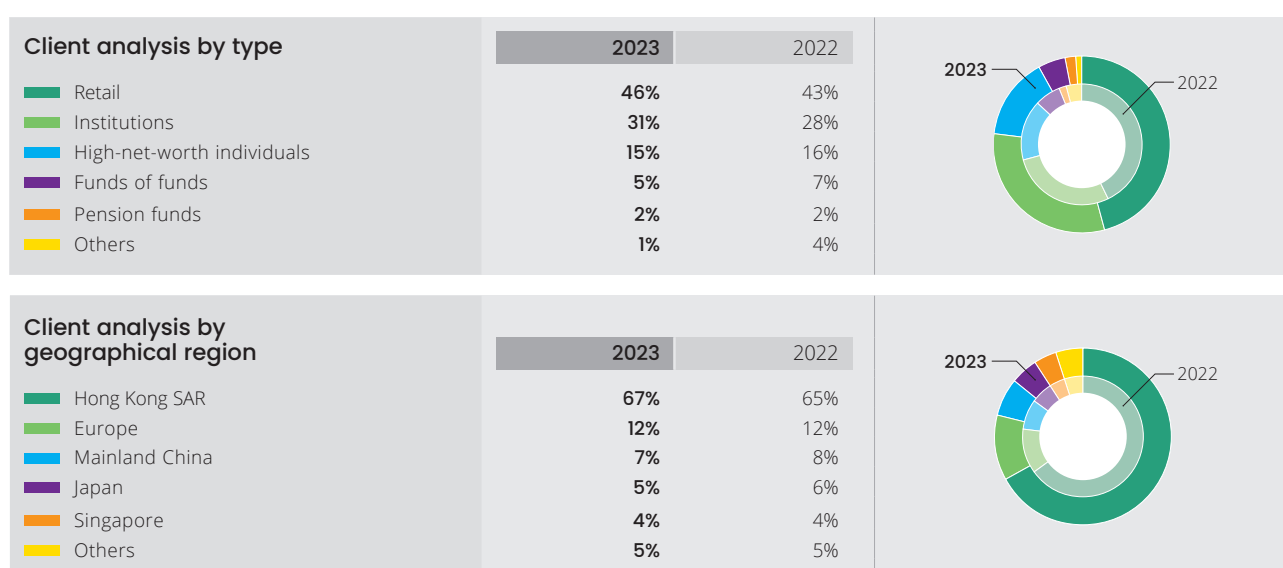
AUM by category

The charts below show the breakdown of the Group's AUM as at 31 December 2023 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 (72%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (14%), where the Value Partners Greater China High Yield Income Fund was the largest contributor.



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 54% of total AUM (31 December 2022: 57%). Meanwhile, retail clients contributed 46% of total AUM (31 December 2022: 43%). In terms of geographic location, Hong Kong SAR clients continued to be the largest segment, contributing 67% of the Group's AUM (31 December 2022: 65%). The share of AUM contributed by clients in Europe and mainland China remained stable at 12% and 7%, respectively (31 December 2022: 12% and 8%, respectively).

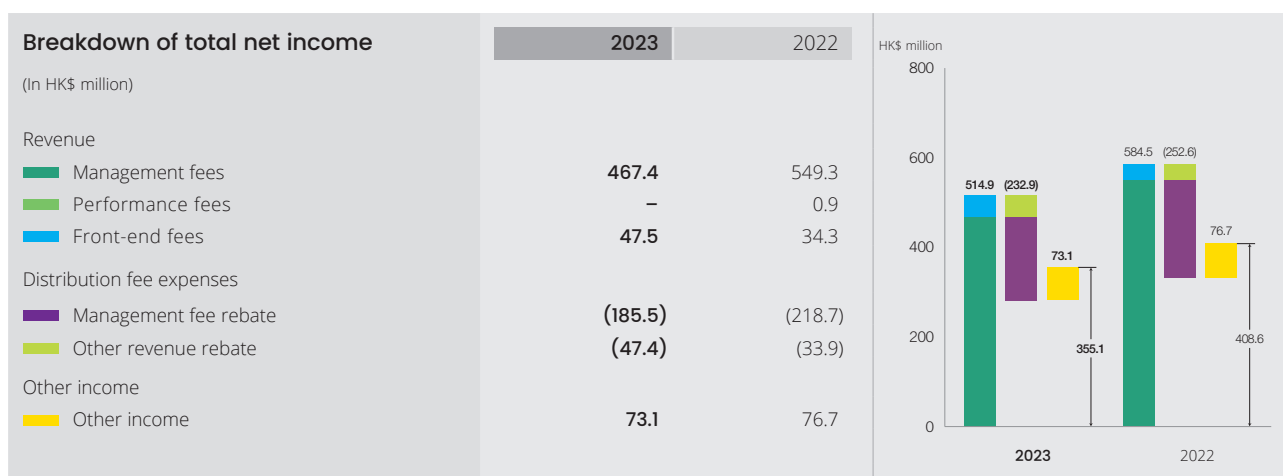


Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	2023	2022	% Change
Total revenue	514.9	584.5	-11.9%
Gross management fees	467.4	549.3	-14.9%
Gross performance fees	–	0.9	-100.0%
Operating loss (before other gains/losses)	35.3	68.6	-48.5%
Profit/(loss) attributable to owners of the Company	23.1	(544.3)	+104.2%
Basic earnings/(loss) per share (HK cents)	1.3	(29.6)	+104.4%
Diluted earnings/(loss) per share (HK cents)	1.3	(29.6)	+104.4%
Interim dividend per share (HK cents)	Nil	Nil	
Special dividend per share (HK cents)	50.0	Nil	
Final dividend per share (HK cents)	Nil	3.4	

Revenue and fee margin



The Group's profit attributable to owners of the Company amounted to HK\$23.1 million in 2023 (2022: loss of HK\$544.3 million).

The drop in total revenue was due to reduced gross management fees, the Group's largest revenue contributor in 2023, which dropped by 14.9% to HK\$467.4 million (2022: HK\$549.3 million) on a 18.8% decrease in the Group's average AUM to US\$6,044 million (2022: US\$7,439 million). There was no performance fees in 2023 (2022: HK\$0.9 million) as the Group's funds that attract performance fees did not surpass their previous high watermarks in 2023 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 increased to 61 basis points (2022: 58 basis points). Meanwhile, the management fee rebates for distribution channels decreased 15.2% to HK\$185.5 million (2022: HK\$218.7 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\$73.1 million (2022: HK\$76.7 million).

Other gains or losses

(In HK\$ million)	2023	2022
Net gains/(losses) on investments		
Net realized (losses)/gains on financial assets at fair value through profit or loss	(56.0)	251.8
Net unrealized gains/(losses) on financial assets at fair value through profit or loss	116.7	(588.6)
Fair value (loss)/gain of an investment property	(3.8)	19.1
Net foreign exchange losses	(11.6)	(123.4)
Other gains/(losses) – net	45.3	(441.1)

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 realized and unrealized mark-to-market changes of the Group’s proprietary investments given the market volatility across different asset class.

Investments in joint ventures

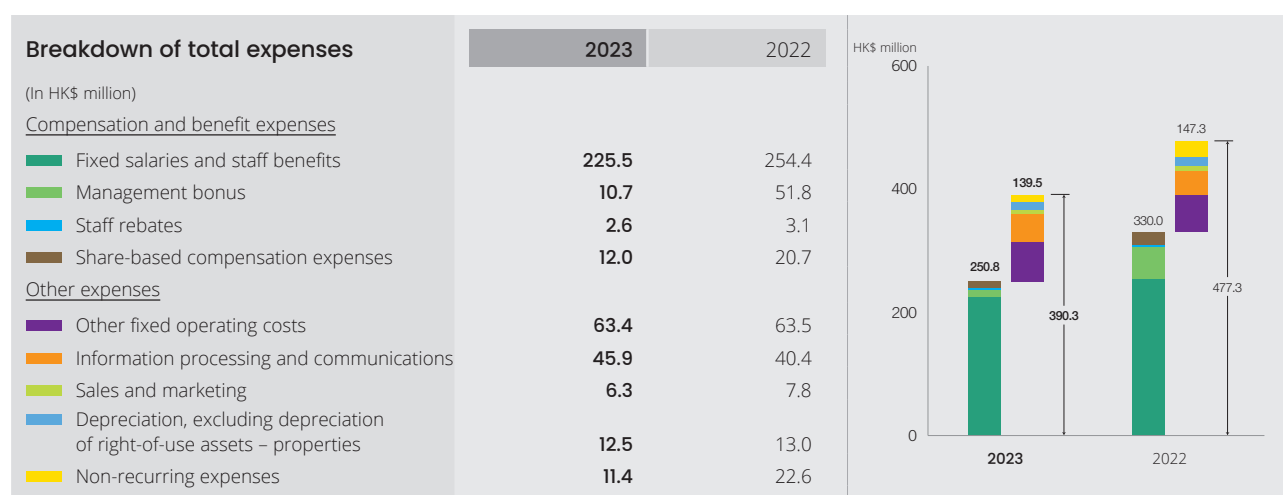
In 2017, the Group set up the Value Partners Asia Pacific Real Estate Limited Partnership⁶ (the “Real Estate Partnership”) to engage in real estate private equity business. During the year, the Group formed a new joint venture with an independent business partner to purchase a 50% interest in seven logistic centers located in Italy at a consideration of Euro 13.1 million (equivalent to HK\$112 million). As at 31 December 2023, the Real Estate Partnership held four logistic centers located in Japan, two commercial property projects located in Australia and seven logistic centers located in Italy through four joint ventures (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). The Group’s share of profit amounted to HK\$25.0 million (2022: a loss of HK\$25.3 million), which consisted of property revaluation gain totaled HK\$9.3 million (2022: a loss of HK\$35.9 million), rental income less outgoings of HK\$27.9 million (2022: HK\$33.4 million) and foreign exchange losses of HK\$12.2 million (2022: HK\$22.8 million).

Significant investments

As at 31 December 2023, the Group held 12,621,950 units (31 December 2022: 12,621,960 units) or 28.5% (31 December 2022: 27.8%) 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 11.6% (31 December 2022: 10.0%) of the Group's total assets with a fair value of HK\$540.5 million (31 December 2022: HK\$474.9 million) and a cost of HK\$420.3 million (31 December 2022: HK\$420.3 million), are for alignment of investors' interests and investment returns. For the year ended 31 December 2023, the Group recorded a net unrealized investment gain amounted to HK\$65.6 million (31 December 2022: HK\$2.8 million loss) with respect to such investments.

As at 31 December 2023, the Group held 4,293,489 units (31 December 2022: 4,970,998 units) in Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund⁶ (“ICAV – GCHY Bond Fund”) which represents 20.3% (31 December 2022: 16.3%) 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 6.8% (31 December 2022: 7.5%) of the Group's total assets with a fair value of HK\$319.0 million (31 December 2022: HK\$357.1 million) and a cost of HK\$350.5 million (31 December 2022: HK\$400.6 million), are primarily as seed capital investment and also for investment returns. For the year ended 31 December 2023, the Group received dividends amounted to HK\$0.5 million (31 December 2022: HK\$0.6 million) and recorded a net unrealized investment gain amounted to HK\$12.0 million (31 December 2022: a loss of HK\$33.8 million) and a net realized investment loss amounted to HK\$2.4 million (31 December 2022: Nil) with respect to such investments.

Cost management



Compensation and benefit expenses

During the year, fixed salaries and staff benefits decreased by 11.4% to HK\$225.5 million (2022: HK\$254.4 million). The management bonus for 2023 totaled HK\$10.7 million (2022: HK\$51.8 million).

As part of its compensation policy, the Group normally 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. There is also a deferral bonus plan (the “Plan”) for employees and 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\$2.6 million (2022: HK\$3.1 million).

During the year, the Group recorded expenses of HK\$12.0 million (2022: HK\$20.7 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\$109.3 million for the year (2022: HK\$103.9 million), while sales and marketing expenses decreased to HK\$6.3 million (2022: HK\$7.8 million). Non-recurring expenses represented one-off expenditures on write-off of certain fee receivables, reimbursement of fund expenditures, special recruitment expenses and merger and acquisition related costs.

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. Nevertheless, 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 adopted a 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.

The Board of Directors declared a special dividend of HK\$0.5 per share to shareholders in December 2023 after considering the Group's cash-rich position and accumulated earnings over the years.

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 2023, the Group's balance sheet and cash positions remained strong, with a cash and cash equivalents balance of HK\$1,558.9 million. Other than relevant borrowings pledged with property asset by the Real Estate Partnership of HK\$73.9 million (31 December 2022: HK\$76.1 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 1.9 times (2022: 8.7 times). The drop in the current ratio was mainly attributable to the special dividend payable as mentioned above. Taking out such one-off impact, the Group's current ratio would become 16.6 times.

Capital structure

As at 31 December 2023, the Group's shareholders' equity and total number of shares issued were HK\$3,542.7 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: 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023: +4.1%; 2024 (Year to date as at 29 February): +2.1%.*
3. *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.*
4. *Annual calendar returns of Value Partners Greater China High Yield Income Fund (Class P USD Acc) over the past five years: 2019: +9.4%; 2020: -0.3%; 2021: -22.5%; 2022: -30.2%; 2023: +4.3%; 2024 (Year to date as at 29 February): +6.9%.*
5. *Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022: -28.1%; 2023: -5%; 2024 (Year to date as at 29 February): -1.8%.*
6. *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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS HONG KONG

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers Hong Kong ("PwC"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

HUMAN RESOURCES

As at 31 December 2023, the Group employed 130 staff (2022: 145) in Hong Kong SAR, 31 staff (2022: 38) in Shanghai, 5 staff (2022: 4) in Shenzhen, 9 staff (2022: 7) in Singapore, 2 staff (2022: 2) in London and 5 staff (2022: 6) in Malaysia. Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with the Group's emphasis on recognition for performance and human capital retention, the Group rewards its employees with year-end discretionary bonus which is linked to the Group's level of profits for that financial year.

DIVIDENDS

No interim dividend was paid during the year. The Directors declared a special dividend of HK\$0.5 per share during the year ended 31 December 2023 to the shareholders whose names are registered on the register of members of the Company on 3 January 2024. With the approval of the board of directors of the Company, the special dividend was paid on 23 January 2024. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023. Dividend per share is declared based on the Group's dividend policy.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Tuesday, 7 May 2024. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Thursday, 2 May 2024 to Tuesday, 7 May 2024 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 30 April 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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.

AUDIT COMMITTEE

In compliance with the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited, the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the Directors’ opinion, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules throughout the year of 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as contained in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2023.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

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

OUR APPRECIATION

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

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

Hong Kong, 21 March 2024

As of the date of this Announcement, our Directors are Dato' Seri Cheah Cheng Hye, Mr. So Chun Ki Louis, Ms. Hung Yeuk Yan Renee, 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.