Value Partners Group
Since 1993

PIONEER IN VALUE INVESTING SINCE 1993

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

2023 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, 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.

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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

Ms. FIFI *(Chairperson)*
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

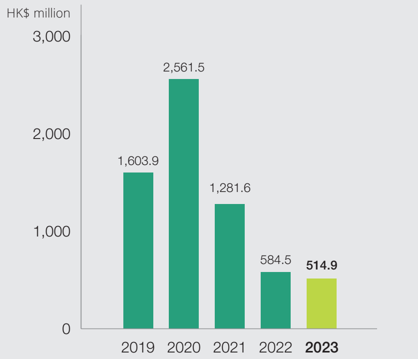
www.valuepartners-group.com

Stock Code

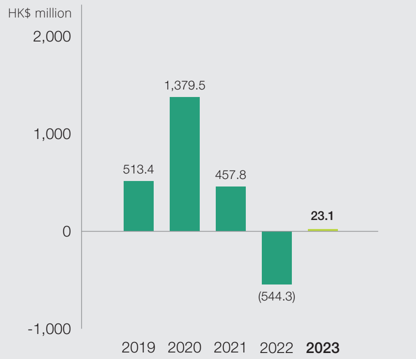
Stock Exchange of Hong Kong: 806

Financial highlights

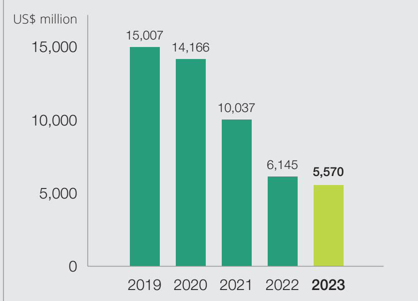
Revenue



Profit/(loss) attributable to owners of the Company



Assets under management



	Results for the year ended 31 December					
(In HK$ million)	2023	2022	% Change	2021	2020	2019
Revenue	**514.9**	584.5	**-11.9%**	1,281.6	2,561.5	1,603.9
Operating (loss)/profit (before other gains/losses)	**(35.3)**	(68.6)	**-48.5%**	360.3	1,308.5	343.7
Profit/(loss) attributable to owners of the Company	**23.1**	(544.3)	**104.2%**	457.8	1,379.5	513.4
Earnings/(loss) per share (HK cents)						
– Basic	**1.3**	(29.6)	**104.4%**	24.7	74.4	27.7
– Diluted	**1.3**	(29.6)	**104.4%**	24.6	74.4	27.7

	Assets and liabilities as at 31 December					
(In HK$ million)	2023	2022	% Change	2021	2020	2019
Total assets	**4,678.1**	4,747.9	**-1.5%**	5,670.3	6,298.8	4,912.7
Less: Total liabilities	**1,135.4**	253.7	**347.5%**	405.5	880.8	523.3
Total net assets	**3,542.7**	4,494.2	**-21.2%**	5,264.8	5,418.0	4,389.4

	Assets under management (“AUM”) as at 31 December					
(In US$ million)	2023	2022	% Change	2021	2020	2019
Assets under management (“AUM”)	**5,570**	6,145	**-9.4%**	10,037	14,166	15,007

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

HONOR

Dato' Seri Cheah Cheng Hye received the "2023 Best of the Best Award – Lifetime Achievement Award" from Asia Asset Management, in recognition of his outstanding contribution to the industry for over 35 years.

Dato' Seri Cheah Cheng Hye was listed as one of the 300 Most Powerful People in Hong Kong by Gafencu Magazine. The list celebrates movers and shakers in various industries who are influential in shaping the next century and taking the city to new heights.

Fund Selector Asia Awards Singapore – Two awards for Value Partners in 2023 in the "Greater China/ China" and "mixed assets" categories.

Value Partners was awarded the prestigious "ESG Elite Award (Distinction)" at the ESG Achievement Awards 2022/2023.

The 2023 Insurance Asset Management conference, organized by IAMAC 中國保險資產管理業協會, took place in Beijing. Over 200 institutions, including insurance companies, public funds, securities firms, futures companies, and foreign investment institutions, were invited.

Value Partners (HK) received the "Most Promising Overseas Investment Institution" award.（最具潛力境外投資機構).

Value Partners Group Limited was awarded the "ESG Leading Enterprise Awards of the Year 2022/2023" by Master-insight 灼見名家 Hong Kong magazine.

THOUGHT LEADERSHIP

Forbes Asia held the 2023 "Best Under A Billion" Forum and Awards Dinner at the Conrad Manila on 21 November. Dato' Seri Cheah Cheng Hye joined the event, where he discussed about "Scaling Up" and "Path to Excellence" with other business leaders.

Dato' Seri Cheah Cheng Hye was one of the speakers at the FII Institute's PRIORITY SUMMIT, an annual conference supported by Saudi Arabia. The summit, which covered mega trends, was attended by about 1,000 delegates from around the world.

Louis So, Co-Chairman and Co-Chief Investment Officer, Sean Cheng, Co-Chief Investment Officer (Fixed Income), and Frank Tsui, Head of ESG Investment, were panelists at GF Securities' GFHK 2023 Investment Conference.

They shared market insights and discussed ESG investment. The conference received positive feedback from hundreds of participants.

Rachel Tong, Head of Real Estate Private Equity, spoke at the largest Asia real estate private equity conference – the PERE Asia Summit – in Singapore. There were about 600 attendees.

June Wong, CEO, spoke at the University of Hong Kong MBA class covered the evolution of the asset management industry, the future of asset and wealth management, and women leadership.

June Wong, CEO, spoke at the Global-Asia Family Office Summit 2023, which was held in Singapore. The summit was organized by the Wealth Management Institute (WMI) and was supported by the Singapore Economic Development Board (EDB) and the Monetary Authority of Singapore (MAS).

With over 200 attendees, the summit brought together family offices, advisors, and thought leaders from around the world.

Frank Tsui, Head of ESG Investment, was one of the speakers at the CUHK Business School Global Alumni Forum 2023. Speakers from various industries shared their insights about the driving forces that are reshaping our world, covering topics such as renovation, talents, and sustainability.

CEO June Wong was invited to a key event hosted by PwC. Over 300 leading financial experts attended the event.

NEW PRODUCTS AND BUSINESS DEVELOPMENT

Value Partners launched its first USD Money Market Fund for retail investors in 2023.

Shenzhen Capital and Value Partners jointly launched in 2023 the first Greater Bay Area-focused Special Opportunity Fund. The Signing Ceremony was officiated by Alick Dong, President, Shenzhen Capital International, and June Wong, CEO, Value Partners Group, on 30 June.

Value Partners Group, PT Aldiracita Sekuritas Indonesia and PT STAR Asset Management announced a Strategic Partnership. An exchange file ceremony took place during a business luncheon attended by Hong Kong Chief Executive John Lee, who was leading a high-level Hong Kong delegation visit to ASEAN countries at the time.

CHARITY

Value Partners was honored to work with St. James' Settlement and FOOD-CO for the "Rice-for-all" volunteering event. Over 20 Value Partners staff and their family members packed over 1,000kg of rice during this meaningful event.

Chairman's Statement

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

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 13.2%
10 years	up 40.2%	up 37.1%	up 8.9%
20 years	up 313.6%	up 375.9%	up 250.1%

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 (paid on 23 January 2024), 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.

Assets Under Management ("AUM")

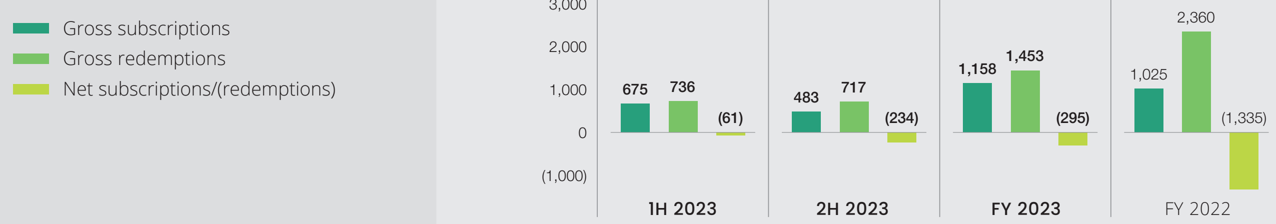
AUM and return

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.

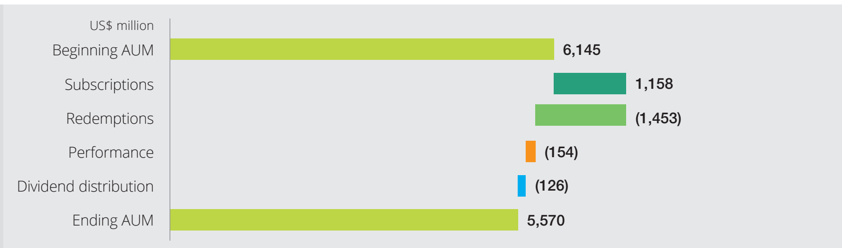
Overall fund performance[1], calculated as the asset-weighted average return of funds under management, was a decline of 2.5% in 2023 compared with 10.5% & 11.2% decline in Hang Seng Index and MSCI China Index (Total Net Return), respectively. Among our funds, the Value Partners High-Dividend Stocks Fund[2], the Group's largest public fund[3], recorded a gain of 4.1% during the year. The Value Partners Greater China High Yield Income Fund[4] increased by 4.3% during the year while the Value Partners Classic Fund[5] 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.

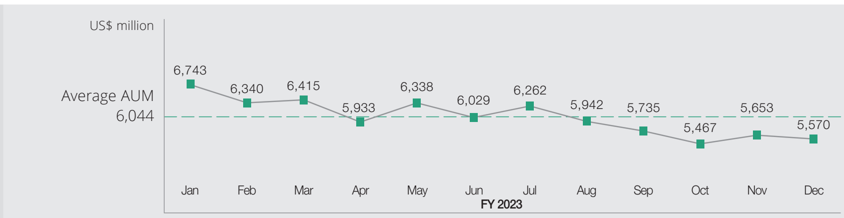
Subscriptions and Redemptions



AUM change in the year 2023



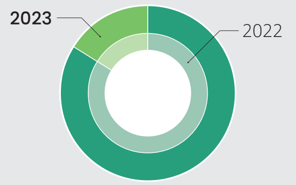
Monthly AUM in the past twelve months



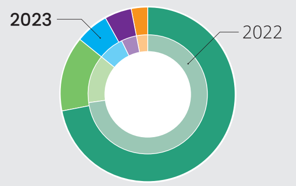
AUM by category

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.

Classification by brand	2023	2022
Own Branded Funds	84%	84%
White Label & Co-branded Funds	16%	16%



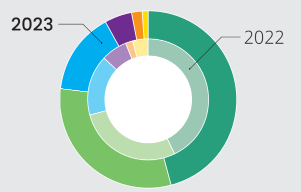
Classification by strategy	2023	2022
Absolute Return Long-biased Funds	72%	73%
Fixed Income Funds	14%	13%
Multi-asset Funds	6%	7%
ETFs	5%	4%
Alternative Funds	3%	3%



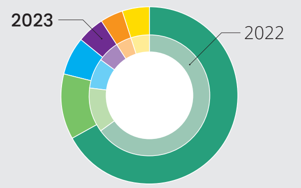
Client base

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 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).

Client analysis by type	2023	2022
Retail	46%	43%
Institutions	31%	28%
High-net-worth individuals	15%	16%
Funds of funds	5%	7%
Pension funds	2%	2%
Others	1%	4%



Client analysis by geographical region	2023	2022
Hong Kong SAR	67%	65%
Europe	12%	12%
Mainland China	7%	8%
Japan	5%	6%
Singapore	4%	4%
Others	5%	5%



Summary of results

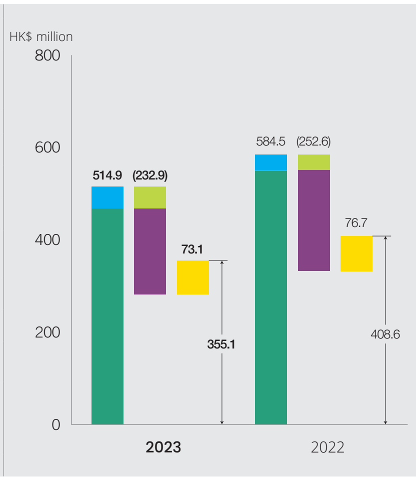
Key financial highlights for the reporting period are as follows:

(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

Breakdown of total net income

(In HK$ million)	2023	2022
Revenue		
Management fees	**467.4**	549.3
Performance fees	**–**	0.9
Front-end fees	**47.5**	34.3
Distribution fee expenses		
Management fee rebate	**(185.5)**	(218.7)
Other revenue rebate	**(47.4)**	(33.9)
Other income		
Other income	**73.1**	76.7



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 Partnership[6] (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).

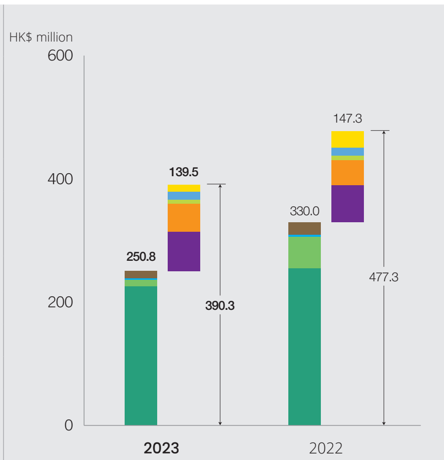
Significant investments

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 Fund[6] ("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

Breakdown of total expenses	2023	2022
(In HK$ million)		
Compensation and benefit expenses		
Fixed salaries and staff benefits	**225.5**	254.4
Management bonus	**10.7**	51.8
Staff rebates	**2.6**	3.1
Share-based compensation expenses	**12.0**	20.7
Other expenses		
Other fixed operating costs	**63.4**	63.5
Information processing and communications	**45.9**	40.4
Sales and marketing	**6.3**	7.8
Depreciation, excluding depreciation of right-of-use assets – properties	**12.5**	13.0
Non-recurring expenses	**11.4**	22.6



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, the special dividend was paid on 23 January 2024.

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.

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 70, 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.

In 2023, Dato' Seri CHEAH won *Asia Asset Management's* "2023 Best of the Best Award – Lifetime Achievement Award." This award recognizes his outstanding contributions to the industry for over 35 years. He 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 48, 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 25 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 49, 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 26 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 57, 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 34 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 57, 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 78, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

Dr. CHEN serves as an Adjunct Professor of Management and of Public Policy, as well as Advisor of the Thompson Center for Business Case Studies, all at The Hong Kong University of Science and Technology. He was a Senior Advisor to the Director of the Case Research Center at Peking University, Guanghua School of Management and 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 70, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

Mr. OYAMA is currently a council member of The Funai Foundation for Information Technology, Japan and an adviser for Funai Electric LGM 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.

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 71, 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 Chairman of RSM Hong Kong. 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
Co-Chief Investment Officer, Fixed Income

Mr. Gordon IP, aged 53, is Co-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 29 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 43, 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 21 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 48, 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 56, 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 50, 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.

NG Chuk Fa, Nikita
Chief Financial Officer

Ms. Nikita NG, aged 44, is Chief Financial Officer of Value Partners. She oversees the Group's overall finance function.

Ms. NG joined Value Partners in July 2021 as Finance Director and was promoted to her current role in February 2023. She has broad experience in the financial services industry, with a particular focus in financial reporting, internal control assessment and corporate transactions, combined with strong regulatory knowledge.

Before joining Value Partners, Ms. NG was the Financial Controller at Fortress Investment Group & Mount Kellett Capital, a US-based multi strategy investment firm, for 8 years. Prior to that, she had worked at a family fund private equity firm and served as the finance head for an asset management portfolio company regulated by the National Financial Regulatory Administration, and involved in other investment projects. She started her career as an Auditor at PricewaterhouseCoopers Hong Kong.

Ms. NG graduated with a Bachelor's degree in Professional Accountancy from The Chinese University of Hong Kong. She is a member of the HKICPA.

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 2023.

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 98.

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.

Summary of results, assets and liabilities

Summary of results, assets and liabilities for the years of 2019 to 2023 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 2023 are set out in Note 28 to the consolidated financial statements.

Save as disclosed in the section headed "Share options" 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 39 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 2023, the Company's distributable reserve was approximately HK$2,302,730,000.

Charitable contributions

During the year, the Group made charitable contributions totalling HK$102,000.

Board of Directors

During the year ended 31 December 2023 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

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, Mr. SO Chun Ki Louis, Mr. HO Man Kei, Norman and Mr. Nobuo OYAMA will retire and, being eligible, Mr. SO Chun Ki Louis and Mr. HO Man Kei, Norman offer themselves for re-election at the forthcoming annual general meeting. Mr. Nobuo OYAMA has decided not to offer himself for re-election.

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 22 to 25.

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 and Mr. HO Man Kei, Norman 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 2023 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 2023, 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 Zedra Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for Zedra 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 Zedra Jersey Trust Corporation Limited is Zedra SA.

CCML, Dato' Seri CHEAH Cheng Hye (as the guarantor of CCML), Mr. Yeh V-Nee ("Mr. Yeh"), and GF Holdings (Hong Kong) Corporation Limited ("GF") entered into an agreement dated 1 June 2023 for the sale of up to 224,572,989 Shares and 144,427,011 Shares by CCML and Mr. Yeh, respectively, to GF, completion of the transaction has taken place on 4 January 2024 with sale by CCML of 222,747,192 Shares and Mr. Yeh of 143,252,808 Shares.

(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 at the annual general meeting held on 4 May 2017 (the "Scheme"). A summary of the movements of the outstanding share options during the year ended 31 December 2023 is as follows:

				Number of Share Options				
Grantee	Date of grant[4]	Exercise period	Exercise price (HK$)	As at 01/01/2023	Granted during the year[5]	Exercised during the year	Lapsed during the year	As at 31/12/2023
Director								
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	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]	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	3,255,000	–	–	–	3,255,000
		23/11/2023-22/08/2026	4.14	3,255,000	–	–	–	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				97,959,000	–	–	–	97,959,000

Notes:

1. The closing prices of the Shares immediately before the share options granted on 15 October 2018, 23 November 2020, 12 March 2021 and 11 March 2022 were HK$5.87, HK$4.14, HK$5.55 and HK$3.26 respectively.
2. No share option was cancelled during the year.
3. 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.
4. Please refer to Note 28 to the consolidated financial statements for information relating to the fair value of the options granted.

The number of options available for grant under the Scheme remained constant throughout the year, with 87,212,483 options available at both the beginning and the end of the year.

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 Scheme 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 2023, 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	298,705,324	16.35%	–	16.35%
Mrs. YEH Mira[(2)]	Spouse	298,705,324	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%
Zedra Jersey Nominee Company Limited[(3)]	Nominee	403,730,484	22.10%	–	22.10%
Zedra Jersey Trust Corporation Limited[(3)]	Trustee	403,730,484	22.10%	–	22.10%

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 Zedra Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for Zedra 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 Zedra Jersey Trust Corporation Limited is Zedra SA.

(4) CCML, Dato' Seri CHEAH Cheng Hye (as the guarantor of CCML), Mr. Yeh V-Nee ("Mr. Yeh"), and GF Holdings (Hong Kong) Corporation Limited ("GF") entered into an agreement dated 1 June 2023 for the sale of up to 224,572,989 Shares and 144,427,011 Shares by CCML and Mr. Yeh, respectively, to GF, completion of the transaction has taken place on 4 January 2024 with sale by CCML of 222,747,192 Shares and Mr. Yeh of 143,252,808 Shares.

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 Company adopted a share option scheme at an annual general meeting of the Company held on 4 May 2017 (the "Scheme"). A summary of the principal terms of the Scheme is set out below.

1. Purpose of the 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 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 Scheme and percentage of issued share capital as at the date of this Annual Report

185,171,483 shares (10.14%)

4. Maximum entitlement of each participant under the 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 and the vesting period of options granted under the Scheme

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 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.

7. 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.

8. The remaining life of the Scheme

The 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 38 to the consolidated financial statements 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 Mr. SO Chun Ki Louis was revised to HK$367,500 with effect from 1 January 2024.
- The monthly salary of Ms. HUNG Yeuk Yan Renee was revised to HK$218,410 with effect from 1 January 2024.
- The monthly salary of Mr. Ho Man Kei, Norman was revised to HK$218,410 with effect from 1 January 2024.
- The monthly salary of Ms. WONG Wai Man June was revised to HK$244,920 with effect from 1 January 2024.

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 40 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 2023, 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

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 2023) accounted for 35% of the Group's total fee income, and the Group's five largest suppliers accounted for 44% of the Group's distribution fee expenses for the year ended 31 December 2023.

The Group's largest customer (in terms of AUM as at the end of year) accounted for approximately 13% 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 2023.

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 2023, 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 2023 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, 21 March 2024

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 Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) 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 2023. 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 (which has been renumbered to Appendix C3 with effect from 31 December 2023) 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 2023. 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/special 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 2023, 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 2023 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	5/6
Ms. WONG Wai Man June	6/6
Independent Non-executive Directors	
Dr. CHEN Shih-Ta Michael	6/6
Mr. Nobuo OYAMA	6/6
Mr. WONG Poh Weng	6/6

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 2023.

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 2023 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 2023. The Chief Executive Officer, Chief Operating Officer, the Chief Compliance Officer, the Chief Financial Officer, the Chief Risk Officer (or Senior Director, Head of Risk), 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 2023, 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 IT transformation update of the Group.
- The 2023 external and 2024 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 Corporate Governance 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 three meetings in 2023. 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)*	3/3
Dato' Seri CHEAH Cheng Hye	3/3
Mr. Nobuo OYAMA	3/3
Mr. SO Chun Ki Louis	3/3
Mr. WONG Poh Weng	3/3

In 2023, the Remuneration Committee reviewed, discussed and/or approved the issues related to:

- The remuneration level for Directors and senior management for the year 2024 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 remuneration payable to the members of the senior management by band for the year ended 31 December 2023 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 2023 was approximately 50:50. 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 one meeting in 2023. 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)*	1/1
Dr. CHEN Shih-Ta Michael	1/1
Mr. HO Man Kei, Norman	1/1
Mr. Nobuo OYAMA	1/1
Mr. WONG Poh Weng	1/1

In 2023, 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.

No new Director has been selected or recommended for directorship during 2023.

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 2023, the Risk Management Committee comprises, Ms. FIFI, Ms. LAM Mei Kuen Winnie, Ms. LEE Vivienne, Ms. NG Chuk Fa, Nikita, Mr. SO Chun Ki Louis and Ms. WONG Wai Man June. The Risk Management Committee is chaired by Ms. FIFI.

The Risk Management Committee held four meetings in 2023, of which Mr. SO Chun Ki Louis, Executive Director, attended all four meetings through his delegates and Ms. WONG Wai Man June, Executive Director attended two meetings. In the meetings, the members reviewed, discussed and/or approved the issues related to:

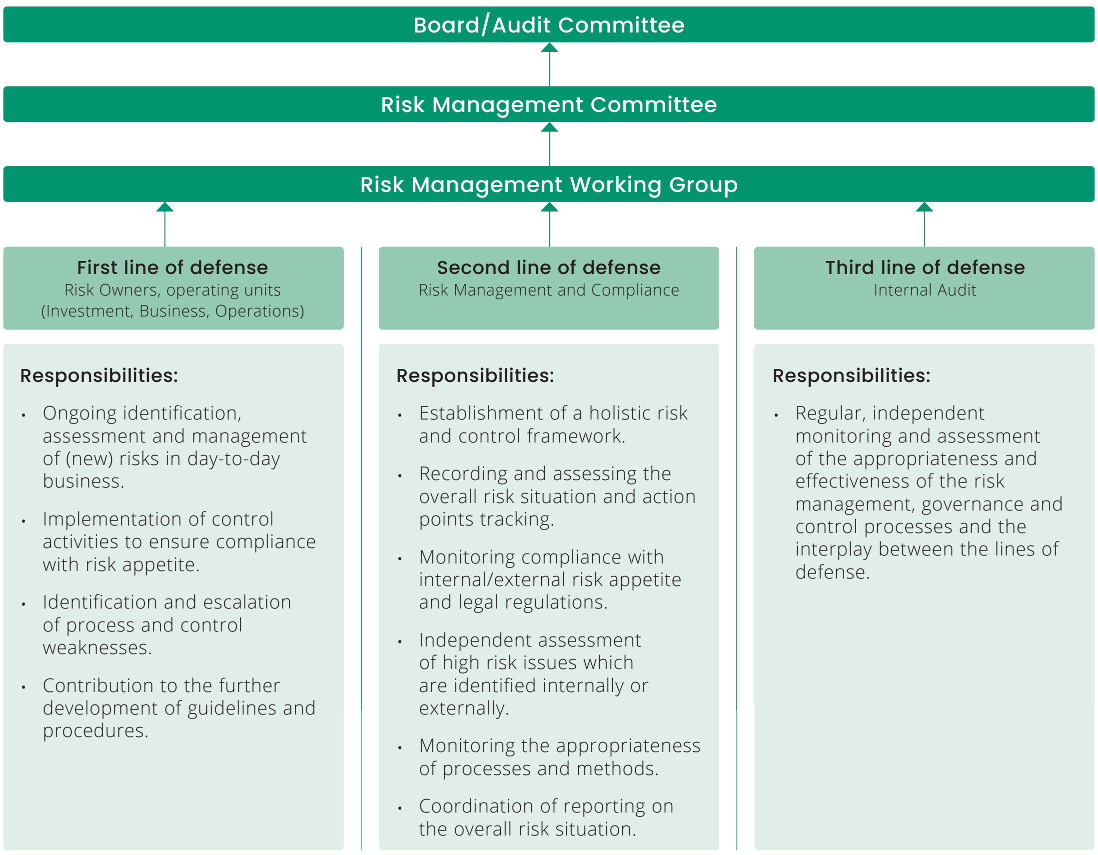
- The Group's risk management framework and system of internal control.
- Regular assessments on major risks.
- Various internal audit reports issued during the year.
- Review error reports.
- Information risk management update.
- Portfolio, business and operation risk management.
- Regulatory updates and revise relevant policy manuals accordingly.
- 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 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. Assessment on new risk is performed for new business initiatives.

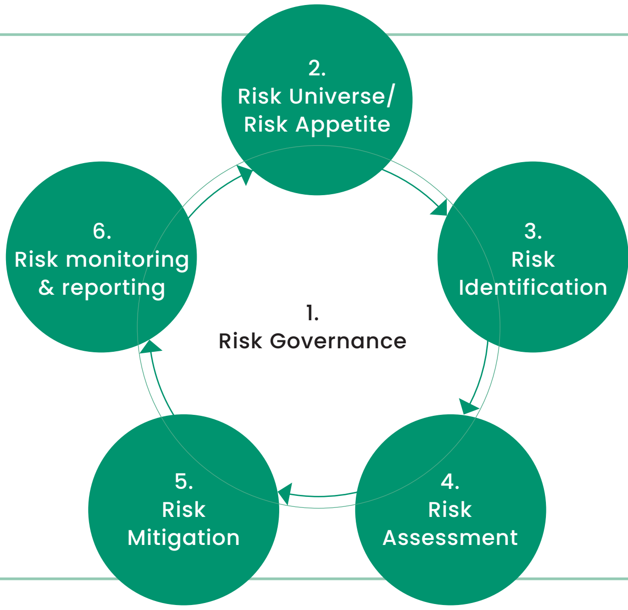
Group Internal Audit reports to the Audit Committee at regularly scheduled meetings throughout the year on the results of their activities during the preceding period pertaining to the adequacy and effectiveness of internal controls, including but not limited to, any indications of failings or material 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 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 2023, 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 2023, 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. During the year, key areas of internal audit focus included controls relevant to middle office, equity investment management, fund investor services, 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 major 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 2023 was approximately HK$4.3 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 2023 and the fee was approximately HK$0.8 million.

Preparation of Financial Statements

The Directors acknowledge their responsibility for preparing consolidated financial statements of the Group for the year ended 31 December 2023 (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 2023 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	0/1
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 81 shareholders or their representatives that participated in our annual general meeting for the year 2023 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 team 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 ir@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.

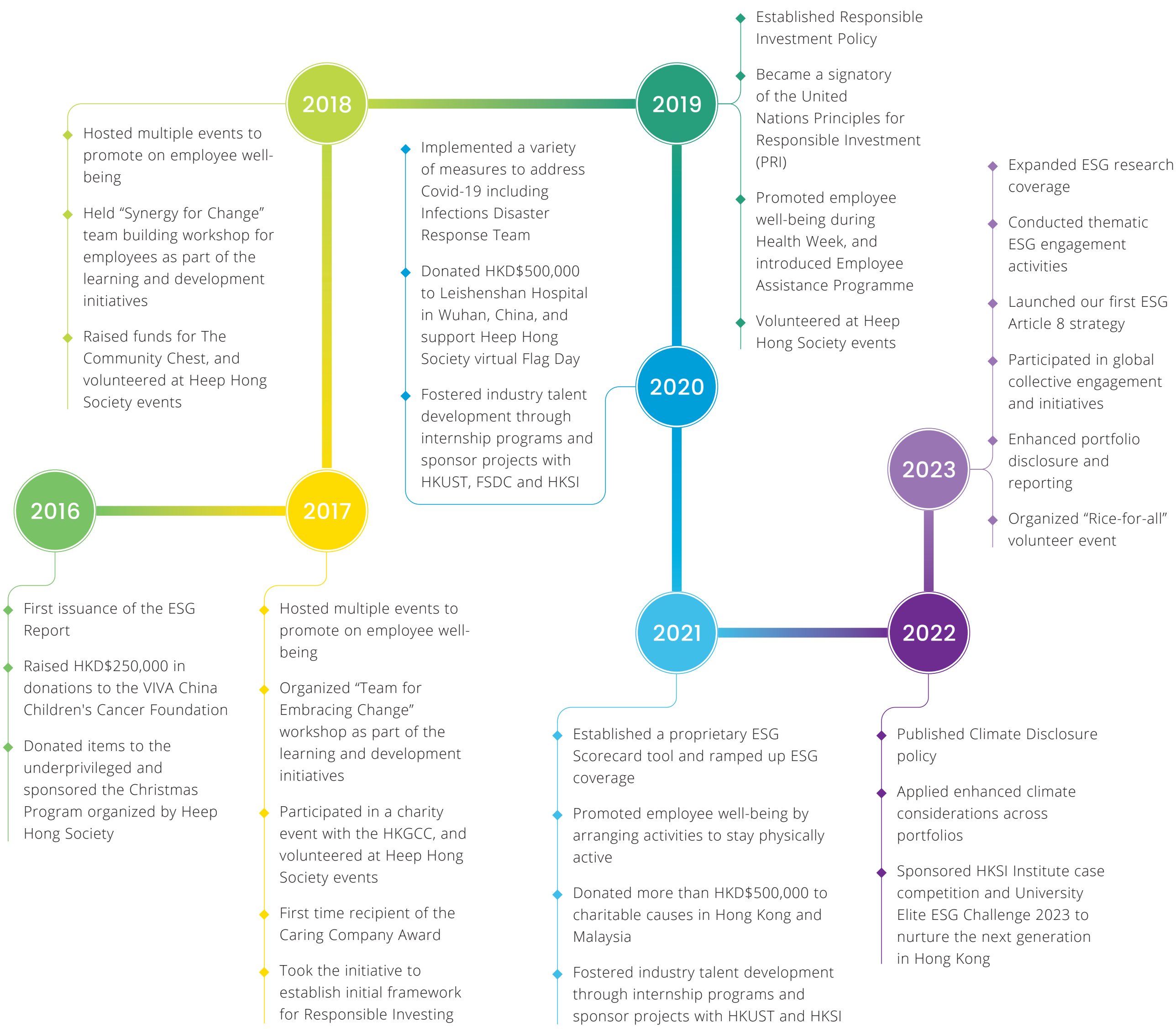
The memorandum and articles of association of the Company is available on the Company's website. For the year ended 31 December 2023, there had been no change to the Company's memorandum and articles of association.

Environmental, social and governance report

1. About the Report

The report discloses the sustainability initiatives demonstrated by the Group and in accordance with our reporting obligation under the Environmental, Social and Governance ("ESG") Reporting Guide set out in Appendix C2 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 2023 to 31 December 2023.

The Group understands that sustainable operation practices are integral to achieving long-term business success. The Group is committed to minimizing its impact on both society and the environment and valuing the importance of compliance with all relevant laws and regulations.



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

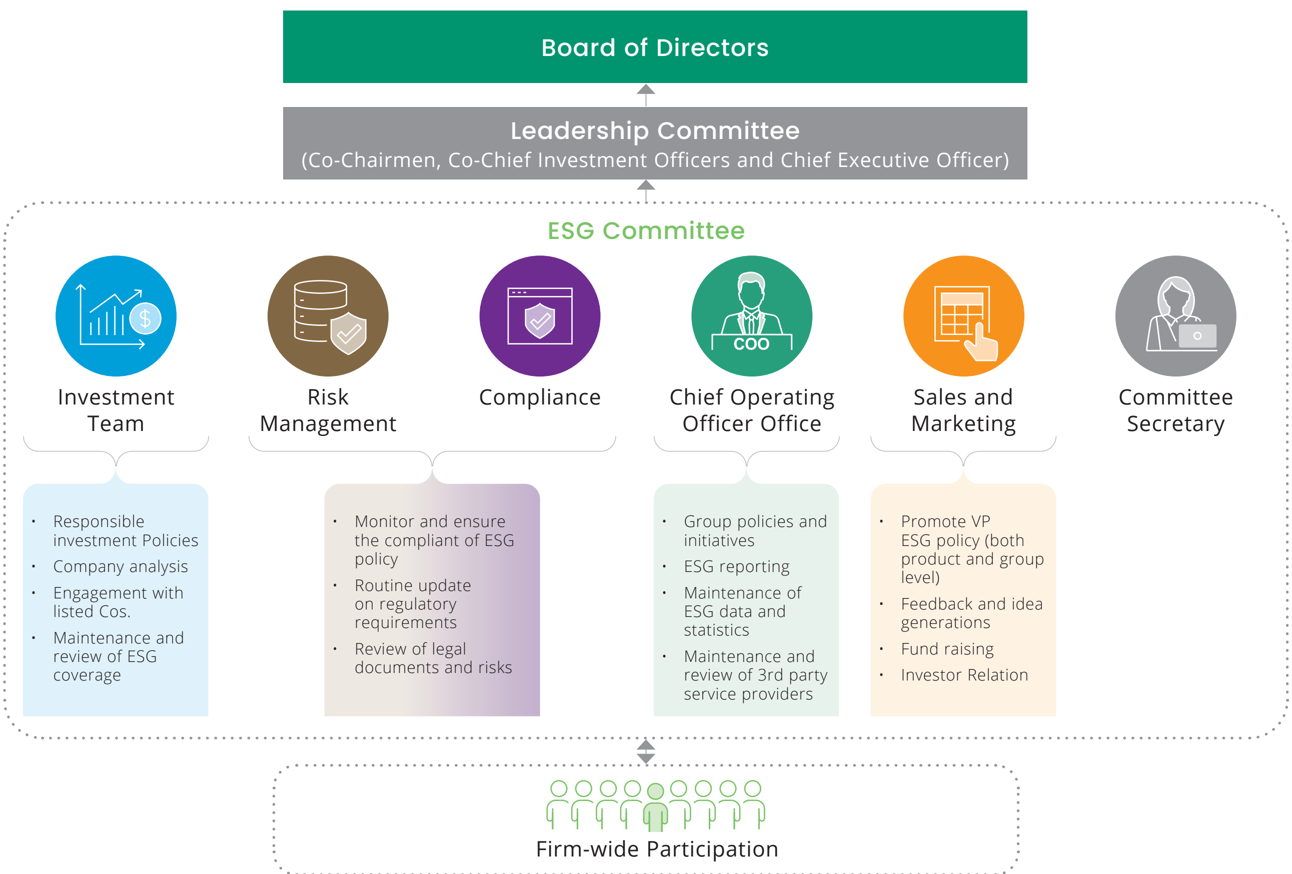
The Board of Directors (the "Board") provides the overall direction on management of sustainability issues and ESG risks. Furthermore, the Board along with the Leadership Committee will oversee the Group's ESG performance through drawing firmwide involvement in responsible investment practices. Collaborating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

b. ESG Governance

Delegated by the Board, the ESG Committee ("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. The Committee conducts monthly meetings to oversee the implementation and reporting on ESG-related initiatives.

The initiatives steered by the ESG Committee drives the ESG development at both the Group level and the investment management level. At the Group level, the ESG Committee endeavors to proactively enhance the disclosure quality and nurture the ESG culture internally. On the investment management front, the Committee is responsible for reviewing the latest ESG regulation, risks of our portfolios, evaluating our engagement and voting activities and progressively articulating responsible investing policy. In addition, the Committee supervises the climate-related risk management activities across the portfolios managed by the Group and monitors the integration of climate issues by its portfolio companies.

ESG Committee and Governance Framework



To nurture a strong ESG culture and promote responsible investing, the Group provided five hours of internal ESG training in 2023 focusing on the investment themes and process of the SFDR Article 8-compliant strategy, responsible investing policy and the proprietary ESG rating mechanism.

c. Stakeholder Engagement and Materiality Assessment

Value Partners engages with stakeholders through different means to understand their priorities and needs. In 2021, we conducted a stakeholder engagement survey to collect honest and open feedback from our various stakeholders. The key stakeholders for our business encompass 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

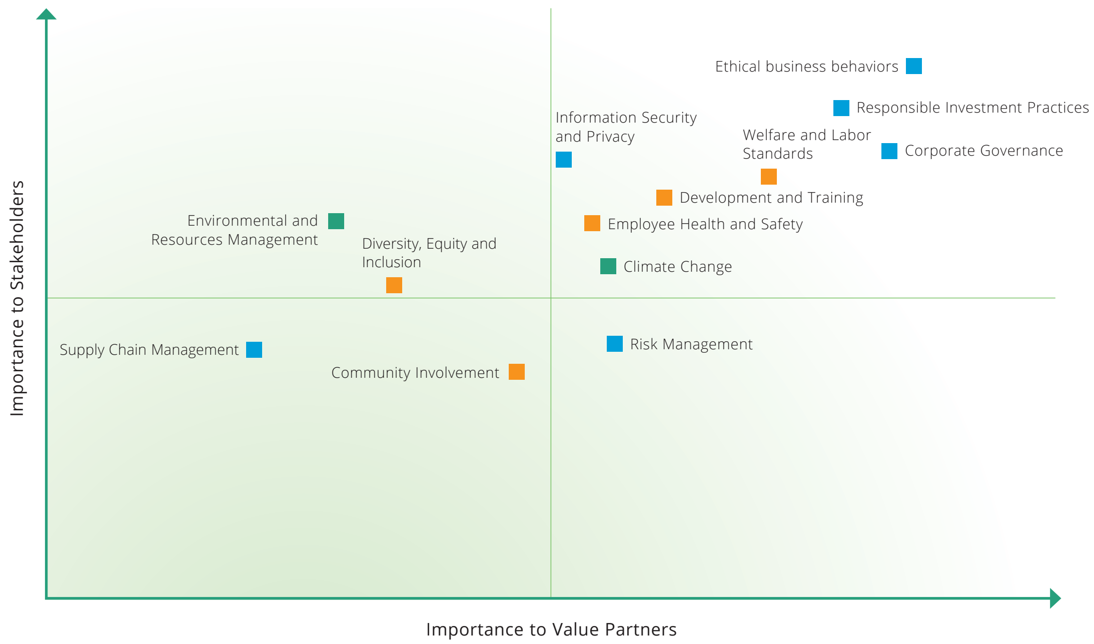
Investors
- Company website
- General meetings
- Investor meetings
- Annual/interim reports
- Announcements

Government bodies
- Reports on compliance
- Email correspondence with government agencies

Industry professional bodies
- Seminars
- Networking events

The Group has conducted a comprehensive review of multiple sustainability reporting and assessment frameworks from industry peers both locally and internationally to identify and assess the material topics and trends that are relevant to our operations. In 2023, we have added Corporate Governance as a material topic to reflect our commitment to upholding the highest ethical standards. 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

- Environmental and Resources Management
- Climate Change

Social

- Employee Health and Safety
- Development and Training
- Welfare and Labor Standards
- Community Involvement
- Diversity, Equity and Inclusion

Governance

- Supply Chain Management
- Responsible Investment Practices
- Ethical business behaviors
- Information Security and Privacy
- Risk Management
- Corporate Governance*

** New topic added in 2023*

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 who 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

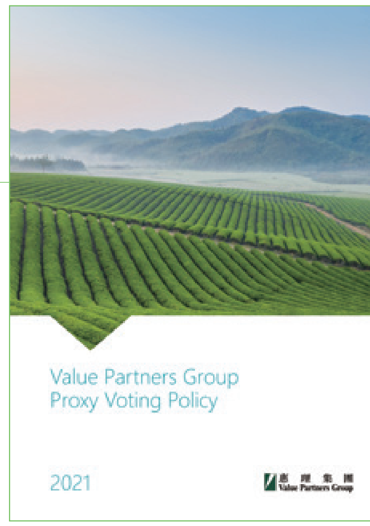
We firmly believe that integrating ESG analysis into our investment process can strengthen our fundamental assessment framework, aid in mitigating associated risks and identify business models that generate sustainable returns for our investors over the long run. Since 2019, ESG considerations have officially become an intrinsic part of the Group's investment process. Our responsible investment approach is clearly defined in the ESG policies, including the Responsible Investing Policy and Proxy Voting Policy, reinforcing the Group's investment philosophy that seeks to identify the 3Rs (the Right business run by the Right people and at the Right price) 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 society.

In addition to the Group's commitment in Responsible Investing, we have collaborated with various sustainable organizations to drive collaboration within the industry. In 2023, we have launched the Value Partners Ireland Fund ICAV – Value Partners Asian Food and Nutrition Fund ("Value Partners Asian Food and Nutrition Fund"), which is the Group's first SFDR Article 8-compliant and SFC-authorized ESG thematic fund. With the launch of the fund, we joined the Farm Animal Investment Risk and Return Initiative ("FAIRR Initiative") and the World Benchmarking Alliance ("WBA") whose allies strive to drive positive impacts along the food value chain through collaboration. Through participation in these global initiatives, we aim to uplift our expertise and expand our influence to foster transformative changes in the food system and create collaborative sustainability impacts.

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. Since 2021, all the listed investees across equities and fixed-income security holdings have undergone our proprietary ESG assessment, which sets the ESG foundations of Value Partners' investment process and enables ESG research developments in the inefficient emerging Asia markets.

2023 Achievements

- ESG proprietary rating coverage exceeded 1,000 listed issuers, totaling 1,077 across our equity and fixed income portfolios
- Conducted specific ESG themed engagements with investee companies surrounding climate, biodiversity, supply chain and human rights topics
- Launched the Value Partners Asian Food and Nutrition Fund, Hong Kong's first Asia-focused, SFDR Article 8-compliant and SFC-authorized ESG fund with nutrition as thematic investment focus
- Collective engagement and initiatives with the FAIRR Initiative and WBA, striving to drive positive impacts along the Asia food value chain

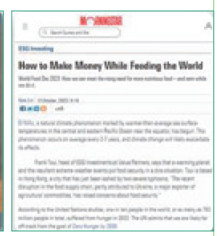
Our Asian Food and Nutrition Strategy

Key Milestone with the Launch of A Thematic ESG Fund

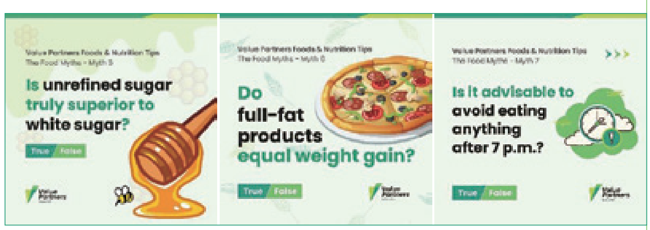
- Value Partners launched the Value Partners Ireland Fund ICAV – Value Partners Asian Food and Nutrition Fund in 2023, the first Asia-focused food and nutrition-themed ESG fund in Hong Kong, demonstrating our unwavering commitment to sustainable investing. The Fund follows our rigorous ESG Investment Process to ensure that our investments align with our ESG principles and contribute to positive sustainable outcomes. Our strategy seeks to address the food challenges in Asia by investing in companies that promote sustainable practices aligned with the seven United Nation Sustainable Development Goals ("UNSDGs").

Engaged with Investors Through Our Marketing Campaigns and Media Exposures

- As a pioneer in launching the first ESG-focused food and nutrition thematic fund in Asia, we drew upon our wealth of experience in regional equity research to share valuable insights through various media channels. We shared perspectives on the Asia structural trends arising from growing demand on food and nutrition upgrade and how our ESG investment process identifies respective risks and opportunities in the regional food value chain. Engagement activity to seek greater transparency in food nutrition policy, biodiversity, waste management, supply chain management and climate initiatives are exampled to foster a more sustainable food ecosystem in Asia.



- Through the "Food Myths" educational content series on social media channels, Value Partners provided valuable information and insights to potential investors in the food and nutrition industry. It debunked common myths and misconceptions about food and nutrition while highlighting investment opportunities within the sector.



Collaborating Through External Alliance

Through participation in global initiatives, we aim to uplift our expertise and expand our influence to foster transformative changes in the food system and create collaborative impacts.

- Value Partners has become a member of the FAIRR Initiative since July 2023. FAIRR is a UK-based non-profit organization that provides a collaborative investor network focusing on the global food industry, particularly on issues linked to intensive animal production through protein producers. The focus is aligned with our food and nutrition-themed ESG strategy within the Asia food value chain investment universe as we seek to collaborate with other asset owners to promote and drive underlying food-related sustainability impacts. As a member of FAIRR, we aim to contribute towards the transition to a more sustainable food system. Through FAIRR facilitated collaborative engagements, we may leverage the collaboration power of investors, give our responses to the food and agriculture-related consultations, as well as share our experiences and learn from industry peers to build a more resilient and sustainable system.

- WBA is a global non-profit organization that encourages companies to contribute to the achievement of the UNSDGs through its benchmarks and methodologies. Value Partners has become an ally of WBA since September 2023. As part of the collaborative community, allies help ensure WBA's consultations and benchmarks are used by companies, investors, policy-makers and civil society, and co-develop metrics and indicators assessing corporate performance on the UNSDGs. Notably, WBA offers specialized Food and Agriculture Benchmark for evaluating food value chain companies and promoting sustainable food systems, such as Seafood Stewardship Index and Access to Seeds Index. In line with our ESG strategy targeting food and nutrition opportunities in Asia, we share a common vision with WBA in driving impactful changes from farm to fork. By joining WBA's investor network, we seek to engage in benchmarking activities, exchange insights with allies and to drive actionable outcomes along the food value chain and foster systemic progress on the UNSDGs.

Our Responsible Investing Procedure

ESG consideration 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 maintain 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:

	What we do	Who's in charge
1 **Risk-based exclusion** Initial step	Negative screens ▶ ESG investible universe	ESG Analysts
2 **Proprietary risk assessment** The core pillar of our ESG investment process	30+ ESG factors + Deep dive due diligence	ESG Analysts Investment Team
3 **Active Engagement** The core pillar of our ESG investment process	Fiduciary duty; Engagement with investees to address concerns & track progress	ESG Analysts Investment Team Risk Team
4 **Post-trade monitoring** Risk management	Scope of review: RI policy enforcement Monitor Portfolio ESG scoring on group and portfolio levels	

1. **Risk-based Exclusion:** During the initial screening stage of the investment universe, we apply negative screening to identify significant ESG violators, including involvement in controversial sectors and events as well as other severe ESG-related principles violations. For example, our ESG and climate-related exclusion criteria focus on significant violation of ESG related principles such as United Nations Global Compact ("UNGC"), supplemented by third-party ESG ratings and data products providers. The exclusion list is validated by ESG analysts and sector leaders and maintained by the Group's Risk Management Team in the Charles Rivers Order Management System to ensure no breach of investment guidelines. 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 proprietary ESG risk assessment is the core pillar of our responsible investing process, enabling us to obtain a comprehensive understanding of a company's ESG performance and supplement our financial model. The proprietary ESG assessment involves two steps, ESG quantitative rating and materiality validation. In the first step, individual companies are scored from 1 to 5 (1 being the poorest to 5 being excellent) across 36 ESG indicators, as well as the investees' forward-looking ESG pipelines. Our ESG analysts obtain a deep insight of investees' ESG practices in their assessments, considering factors such as greenhouse gas ("GHG") emission trends, waste management, the sustainability of its economic moat, workplace health and safety, anti-corruption and independence of the Board of Directors, etc. Portfolio carbon footprint and intensity and binding ESG considerations are also included in the rating assessment whenever applicable. In the second step, the ESG scorecard is validated and steered by the sector leaders or analysts to ensure respective ESG ratings reflect material factors regarding sector-specific insight. After the rating is finalized, portfolio managers will adjust the financial model based on the material risks or opportunities identified in the proprietary assessment.

Proprietary ESG Assessment Scores

ESG Rating	Category	Description
4-5	ESG Leader	These companies have robust ESG governance structures to manage critical sustainability issues and lead respective ESG agendas ahead of their peers
3-4	ESG Improver	These companies are ramping up their ESG foundations (i.e., policies) and show consistent improvements in managing ESG issues and establishing respective agendas
2-3	ESG Watchlist	These companies have become more ESG-aware and are in the early stage of establishing ESG policies. They tend to have controversial ESG issues, and engagement is critical to understand how management rectifies issues
1	ESG Laggard	These companies lack ESG disclosures and have engaged in severe ESG principles violations without a near-term rectification plan

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.

Real estate private equity businesses place an increasing focus on ESG considerations as they navigate a rapidly changing market. By prioritizing environmentally friendly development, promoting social inclusivity and upholding strong governance standards, they can promote resilience, attract responsible investors and contribute positively to communities and the environment. Specifically, 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, and therefore, very much exposed to the rapid 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 to meet respective standards. Our investment screening process requires a minimum ESG rating in countries like Australia and New Zealand. Our investment properties in Australia achieved the National Australian Built Environment Rating System ("NABERS") 5-6 stars Energy ratings, and we continue to track energy efficiencies. The logistics center in Hokkaido achieved a top 5-star rating from the Building-Housing Energy-Efficiency Labeling System ("BELS"). Our real estate fund and the Joint Venture partner plan to spend €1 million to improve seven logistics buildings in Northern Italy and aim to obtain LEED O+M certification within the next 18 months.

3. Active Engagement: Engaging with companies is the subsequent crucial step in refining our assessment and fulfilling our fiduciary duty to advance our ESG agenda. Led by our Head of ESG Investment, the ESG team drives ESG related engagement with investees based on our proprietary ESG assessment scores. Key agendas include data and sustainable-related policy/practice validation, communicating our expectations based on proprietary ESG rating and sustainable-related targets setting and monitoring. To ensure effective proprietary ESG integration, portfolios are targeted with a weighted average of 3 or above (out of 5) rating. Investees with lower ratings are accepted only when they are considered as an ESG improver or the ESG risks are of low materiality. Divestment of low ESG-rated securities may occur if no progress is made and the risks identified become significant.

CASE STUDY

ESG engagement and rating adjustment

We engaged with a Chinese sportswear company in a face-to-face meeting to validate various ESG aspects with a focus on its climate agenda pipelines and approach on modern slavery.

Environment, Social & Governance

On the environmental side, the company is among the above-par companies that has set Net Zero emissions goal by 2050 and pledged with Science Based Targets initiative ("SBTi") in January 2023. The company has established an energy conservation and emission reduction management system and implementation plan to promote energy efficiency. The company has also kept track on its material consumption and seeks to increase the adoption of sustainable packaging materials.

The company has formulated its own "Rewards and Discipline Policy" to protect its employees against discrimination and harassment. It also scrutinizes human rights and labor rights in audits on the social responsibility management of its supply chain.

It has established a Sustainability Committee, and ESG indicators are also incorporated into the performance assessment of key departments of the company.

ESG pipeline and tracking

Further to its support to SBTi, the company also plans to set carbon reduction targets in accordance with the SBTi standards and set water management KPIs in the next 12 months.

Engagement conclusion and action

Among various ESG initiatives, we validated the company's human rights protection measures. In our discussion on the supply chain monitoring, we verified that guidelines to respect human rights are included in the group policy and supplier handbook, and the company has conducted external audits encompassing suppliers accounting for over 50% procurement costs. While the company acknowledged its limited traceability on its third-tier suppliers and raw materials which may not fully eliminate the possibility of labor issues in its upstream sources, we considered it as a current limitation due to the lack of traceability channels and international certifiers. This would be maintained in our on-going monitoring process for future engagement.

The company's pipeline in 3 years prioritizes the enhancement of ESG disclosure to improve third-party ratings. We view this as a positive development on data quality and transparency which shall maintain its above-par position among the peers and set the benchmark within the sector.

From a materiality perspective, we recommended its sustainability team to deploy resources to further align and focus their ESG related KPIs in its business operations, such as improving supply chain traceability, sustainable products and services innovation which in our view, shall directly contribute to the sustainability of its ESG rating upgrade in the long run. The **overall ESG score was adjusted -0.2 points to 3.4** after the engagement and maintained as an ESG Improver category as we monitor its progress on improving supply chain traceability and enhancing ESG initiatives within its business operations.

Guided by the Proxy Voting Policy, we exercise our voting rights to fulfill 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. In addition to our commitment to PRI, the Group's practices align with the Principles of Responsible Ownership issued by the Hong Kong Securities and Futures Commission ("HKSFC"), contributing positively to communities and the environment.

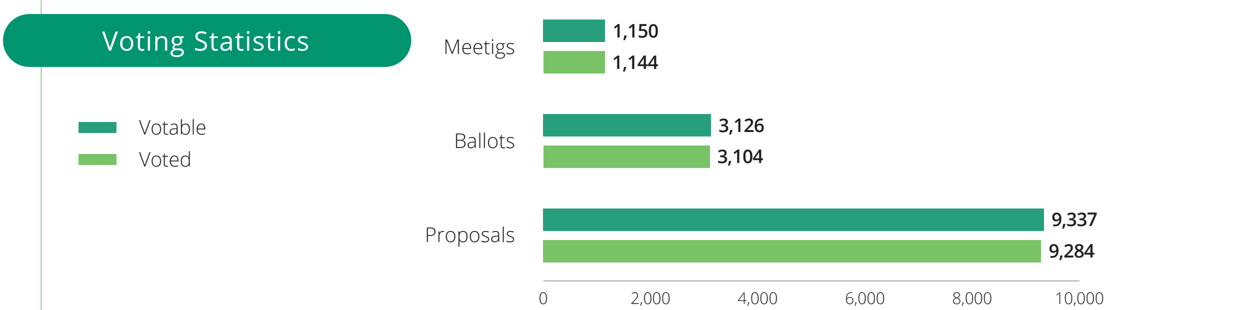
The Proxy Voting Policy provides guidelines on formal approval or disapproval through voting on resolutions and proposing shareholder resolutions. We believe that voting is essential in order to promote good corporate governance, which aligns with our interests and goals as long-term investors. In line with our fiduciary obligations, Value Partners votes in a diligent and prudent manner, based on our reasonable judgement of what will best serve the economic and reputational interests of our clients.

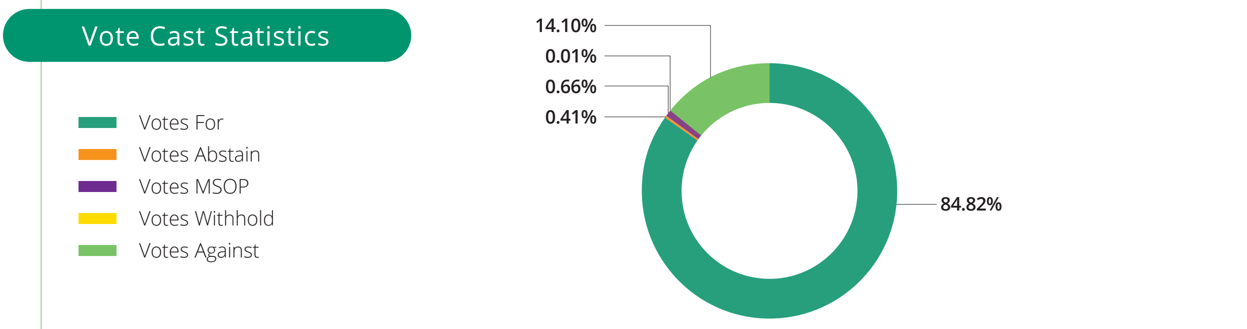
We have also engaged a professional third-party proxy advisory firm to provide information to assist Value Partners in voting on an informed basis with respect to issues presented by proxies and it applies to all regions. Since 2023, we have also adopted proxy voting recommendations that are consistent with our sustainability objectives for voting on investees' corporate actions. In addition to professional advice, Value Partners also incorporates findings from our investment and ESG research on our investees to vote in a manner that is in the best interest of our investors.

In 2023, we:

a. Voted in over 99% of the votable meeting;

b. Made 14% of our votes "against management recommendations", "withhold" or "abstain" in 44% of shareholder meetings;





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' performance share incentive plans. As some of the directors eligible to receive performance shares under the proposed scheme are also the administrators of the scheme, there is a potential conflict of interest leading to share dilution, which harms shareholders' interests directly.

2) For the same investee, shareholders' approval was sought to inject CNY 1 billion into the investee's subsidiary, which is affiliated with the company's directors and senior executives. Despite valid rationale, the capital injection price was set at 184% premium to the subsidiary's net asset value per share without involving independent valuer in the fair value evaluation. Given the absence of a fair valuation and the involvement of the affiliated parties, shareholders' interests were at stake and a vote AGAINST was hence warranted.

4. **Post-trade Monitoring:** The Investment, Risk and Compliance teams continuously monitor stocks to ensure adherence to the investment process, vehicle limits and regulatory requirements. Our ESG and Investment Management teams conduct bi-weekly reviews on company level ESG scores and determines the relevant escalation efforts. The monthly ESG report summarizes ESG rating breakdowns and distribution for each of our portfolios, as well as ESG strengths and weaknesses of the individual security. The report is sent across to all portfolio managers, Co-Chief Investment Officers ("Co-CIOs") 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.

Risk Monitoring

- ESG Committee reviews and oversees the ESG integration process to ensure the enforcement of RI policy
- Risk and compliance teams to monitor:
  - ESG exclusion factors
  - Weighted average of portfolio ESG rating 3 and above
  - Additional thesis for holdings with low ESG risk ratings (below 3)

IMT Monitoring

- Regular review on ESG score rating on both company and portfolio level, via regular bi-weekly fund manager meeting hosted by Co-CIOs
- In depth discussion on low-rated investees
- Comparison with indices, benchmark and peers
- Follow up engagement activities

ESG Report

- ESG reports provide the portfolio managers a holistic overview of the portfolio ESG status, rating distribution, individual security ESG strengths and weaknesses
- Monitor the alignment of respective regulatory requirements

As we further scale up our research and engagement after building the ESG foundations, we are committed to advancing our ESG development across various aspects. The Group will further enhance the ESG investment process by including ESG key performance indicators in the performance evaluation for the investment team and increasing engagement with investee companies to drive positive impacts. Moving forward, we will conduct thematic engagement focusing on various social issues such as modern slavery and diversity and inclusion to enhance our due diligence on specific sustainability topics. The Group continues to collaborate with various non-government organizations and communities to roll out group-wide sustainability initiatives to demonstrate our corporate social responsibilities.

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 range of Compliance policies and procedures to ensure that staff members comply with the ethical standards in the conduct of business. Among others, the Group has implemented a firm-wide Code of Ethics, which draws on applicable legal and regulatory requirements and represents the minimum standard expected of the staff members of the Group. Staff members are reminded that at all times they owe fiduciary duties to the clients, and therefore must avoid any conflict of interests between clients and the firm or the individual, as well as towards the integrity of the market. All staff members are required to acknowledge upon joining, and declare compliance on a regular basis, in writing with the provisions stated therein the Code of Ethics.

The Group has also established a Policy on Prevention of Money Laundering and Terrorist Financing Policy and Procedures, 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 legislation 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 holding 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 2021, 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 2023, there were no legal cases regarding corrupt practices against our employees or the Group.

During the year, the Group conducted over 15 classroom and e-learning training sessions to update our staff on the latest regulations and requirements. Some of the training sections were jointly organized with law enforcement agencies and external legal counsel. Topics included but were not limited to insider dealing and anti-money laundering, anti-bribery, data privacy, staff code of ethics and cybersecurity. A total of 17 hours of the compliance training program was offered in 2023 with tests afterwards to ensure understanding.

The Audit Committee is appointed (through formal terms of reference) 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. In 2023, the Group has published its Whistleblowing Policy to enable its employees (including part-time) and related third parties (such as contractors) to report on misconduct, malpractice or irregularities within the Group. The policy has detailed the reporting channels and the handling procedures, which are aimed to protect confidentiality and retaliation against reporting. Through the Group's whistleblowing mechanism, staff members are encouraged to report any wrongdoing or suspected misconduct directly to the Chairman of the Audit Committee in confidence. The Group is dedicated to protecting the identities of those who make reports and will promptly investigate all complaints. In cases where misconduct is confirmed, appropriate remedial actions will be taken. We are committed to ensuring that our employees are protected 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.

Corporate Governance and Risk Management

The Board of Directors strives to attain and maintains high standards of corporate governance, as we believe that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding the interests of shareholders, clients and other stakeholders. Our Board is dedicated to upholding and enhancing strong corporate governance practices and is responsible for overseeing and directing the senior management of the Group to ensure proper practices of corporate governance, compliance, risk management and internal controls.

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 corporate governance and risk management practices of Value Partners, please refer to the Corporate Governance Report in this Annual Report.

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 publicly available information for the whole Group.

In essence, the Group does not rent, sell or provide personal data to third parties for purposes other than completing transactions/services as detailed in the Privacy Policy. The Privacy Policy sets out the type of data collected and the corresponding minimum record retention period as required by law and regulations. 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, and shall always be subject to confidentiality provisions set out in contractual agreements entered into between the Group and any outside parties. 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 June 2023, the Group has reviewed and 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 (ISO 27001 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, 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 with reference to ISO 27001 Information Security Management System, OWASP Technical Testing Guide and NIST SP800-115 - Technical Guide to Information Security Testing and Assessment, to verify that our security standards are aligned with market practice. The penetration testing covers all offices, the Data Center, System, Application and User Services, and the testing was performed by certified professionals in IT systems audit and penetration testing, including (but not limited to) Certified Information System Auditor, ISO Certified Lead Auditor, Certified Offensive Security Certified Professional and GIAC Certified Penetration Tester. Neither critical nor high risk findings were identified from the verification assessment during the reporting period. 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 2023, all our employees within the Group completed and passed the Security Awareness Training offered by an external training services provider to increase their cybersecurity risk awareness. The phishing assessments conducted by the Information Risk department were also mandatory 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 2023 is 1 hour per employee.

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. Besides, we conduct due diligence on suppliers and business partners regarding data privacy and protection when suppliers are admitted, for example scrutinizing their access control and leakage prevention. Suppliers are also required under contractual obligations to respond to ad hoc inspections upon our request in this regard.

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 five 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 also arrange regular roadshow trips, institutional seminars and luncheons to increase our engagement with clients and gather their feedback.

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

In 2023, there were no substantiated complaints filed by any of our clients as a result of our exceptional and professional services provided.

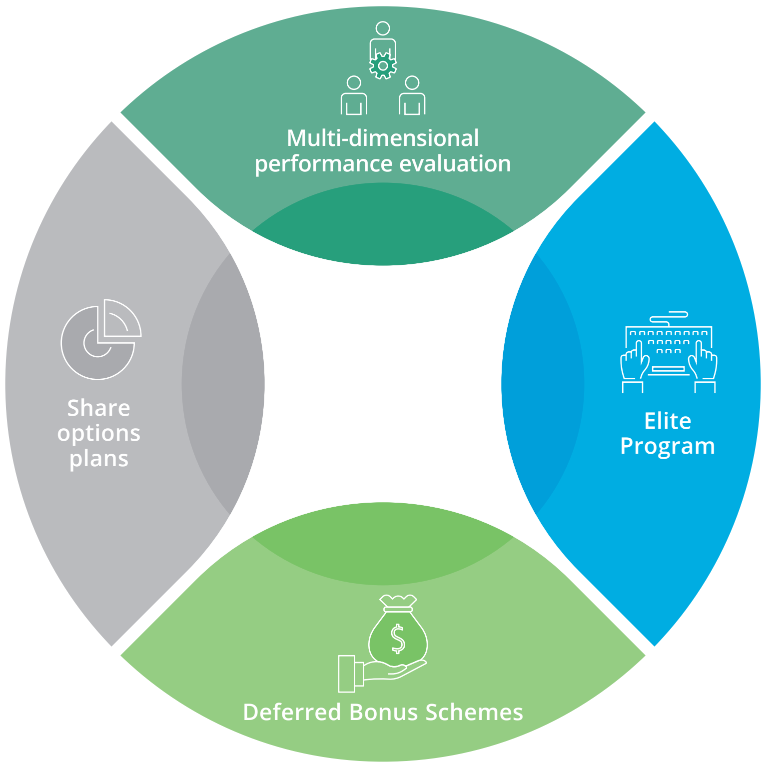
3. Employment and Labor Practices

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.

Social Performance

	Unit	2023	2022
Employment Practice			
Total workforce by employment type			
Total permanent workforce	No. of people	182	205
Total contract workforce	No. of people	1	1
Total workforce by age group			
Under 30	No. of people	32	45
30-50	No. of people	125	134
Above 50	No. of people	26	27
Total workforce by geographic location			
Hong Kong	No. of people	131	151
Mainland China	No. of people	36	41
Other countries/regions	No. of people	16	14
Total workforce by gender			
Female	No. of people	91	105
Male	No. of people	92	101
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

We promote a high-performance culture by implementing a robust employee performance evaluation process to keep employees motivated and passionate about their work. Employee performance is reviewed under the multi-dimensional performance evaluation. Performance evaluation criteria of each role are clearly defined for promotion consideration, including performance results, acts in client-centric, teamwork, professional excellence and leadership. 360 feedbacks are collected from three key stakeholders when evaluating candidates for senior positions. To facilitate a strong pay-for-performance spirit, 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 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 and a number of senior management positions such as Senior Investment Director, Chief Operating Officer of COO Office, Chief Financial Officer, General Counsel and Chief Compliance Officer are all led by women. We maintained a male to female ratio of employees at 1.01:1 during the year. In addition, 22 out of 32 new hires in 2023 are female.

	2023	2022
Total Employee Turnover Rate	27%	37%
Employee turnover by gender		
Female	32%	36%
Male	23%	39%
Employee turnover by age group		
Under 30	44%	33%
30-50	22%	43%
Above 50	31%	19%
Employee turnover by geographic location		
Hong Kong	27%	42%
Mainland China	28%	20%
Other countries/regions	31%	43%

Note 1: The total number of terminated employees includes both voluntary and involuntary departure.

a. Welfare and Labor Standards

The Group provides a range of welfare benefits to our employees, including insurance schemes that cover medical expenses for all full-time employees and their immediate family members. Additionally, we offer rental reimbursement to employees, with a maximum refundable rent of up to 40% of their 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 places emphasis not only on the physical well-being of our employees, but also takes into consideration the needs of our staff based on their family status. For instance, we have established care rooms in our offices that provide a private and intimate space for our female staff to breastfeed their infants when needed. We also offer subsidies to both female and male staff for prenatal checkups during pregnancy, providing financial support to our working families. In addition, we offer maternity and paternity leave to our staff to ensure they can spend quality time with their families and receive adequate rest during post-birth recovery.

The Group fully complies with all relevant laws and regulations that prohibit the 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. In 2023, 93% of our employees received trainings with an average of 5.9 training hours per employee.

Training Performance Data

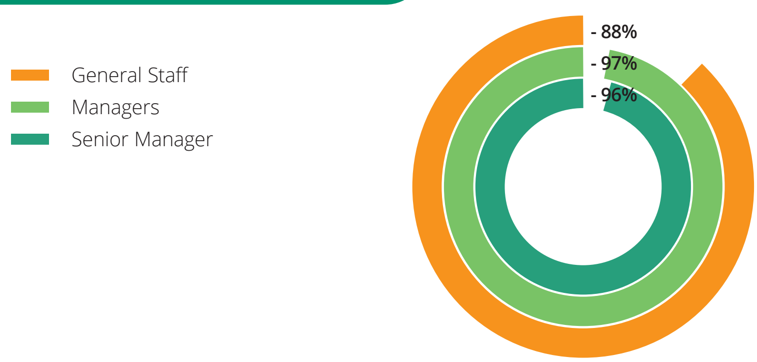
Percentage of trained employees by gender

The average training hours completed per employee by gender in 2023

Male 6.1 hours

Female 5.7 hours

Percentage of trained employees by employee category



The average training hours completed per employee by employee category in 2023

Senior Manager 6.1 hours

Managers 6.1 hours

General Staff 5.5 hours

During the year, one townhall was organized to update our colleagues on corporate updates 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. 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, over 15 compliance training workshops 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 is committed to fostering young talent and has continued our proactive efforts in promoting talent development in the industry. This commitment is exemplified through our internship programs and active engagement in higher education activities to nurture and empower the next generation of professionals. In 2023, we continued to run internship programs to provide learning opportunities for young individuals from local and overseas universities. A total of 11 interns completed their internships and gained hands-on experience in the ESG, Client Portfolio Management, Quantitative Investment Solutions, Client Services and Sales Support and Operations functions at Value Partners.

In addition to our existing internship program, we joined hands with Hang Seng Bank and Family Office Association Hong Kong ("FOAHK") to create innovative opportunities for students to gain insights into sustainability and investment from industry veterans this year. Our Head of ESG Investment was one of the industry mentors and speakers at the Hang Seng x Value Partners University Elite ESG Challenge 2023 and FOAHK 2023 Case Competition – Sustainable Portfolio Management, laying on our commitment to talent development initiatives and cultivating a strong sustainable development mindset for the next generation.

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 to maintain a safe and injury-free workplace, the number of work-related injuries and fatalities of the Group's employees has 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.

4. COMMUNITY INVOLVEMENT

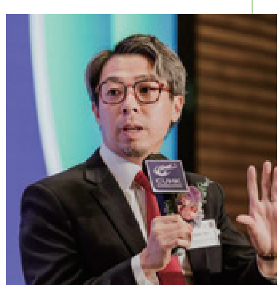
Value Partners' aspirations to becoming a responsible corporate citizen has enabled us to raise awareness of sustainability and dedicate resources to those who are in need within our community. Our employees are encouraged to volunteer at organizations promoting child welfare and nurturing young talent. One-day paid volunteer leave is granted every year to colleagues who participate in such meaningful activities. In 2023, a total of 42 volunteer hours are contributed by our employees in various social activities. The Group actively sponsors community activities and donates to charitable organizations. We made donations to various causes relating to education, environment, health and culture in our communities. During the year, the Group continues its long-standing support to Heep Hong Society as one of the kids team sponsors in Heep Hong Charity Sports Fun Day 2023, which supported the fundraising to offer timely assessment and appropriate training for children and youth with special needs.

Aligning with Value Partners' Asian Food and Nutrition strategy to advocate Zero Hunger and improve food accessibility, the Group partnered with St James' Settlement's FOOD-CO to organize the "Rice-for-All" volunteering event. More than 20 employees and their family members volunteered to pack a total of 1,000 kg rice, which was donated to the underprivileged area in Hong Kong, benefiting 500 families and individuals.

Sharing Our ESG Mindset

In addition to charity events, Value Partners is an active member in promoting sustainable development within the community. Our outlook and insights on our ESG journey, the impact of ESG on corporate governance and challenges and opportunities of responsible investing were shared in panel discussions in different industry events, including the "Strike the Gong for Financial Literacy" webinar hosted by HKEx, the "The Value of Investing in Values" webinar co-organized by Hong Kong Green Finance Association ("HKGFA"), KPMG China and Quinlan & Associates, CUHK Global Alumni Forum 2023, GFHK 2023 Investment Conference, HSBC's Securities Services Leadership Forum, the panel discussion at "QFII and RQFII – Investment Strategy Outlook" by FinFo Global and FOAHK 2023 Case Competition – Participant Exclusive Webinar.

In particular, we were invited to the Global Alumni Forum 2023: Reimagining Global Business for the Next 60 Years organized by the Chinese University of Hong Kong, where we inspired around 300 audiences with the advancement of innovation, sustainability practices and the rising sophistication of ESG standards in asset management.



In the ESG & Sustainable Investment Panel co-hosted by the Investor and Financial Education Council ("IFEC"), HKEx and CFA Institute, our representative together with other experts shared newfound insights on the risks and opportunities of sustainable investing.

Apart from insights sharing, Value Partners sponsored the Quamnet Green Leadership ESG Awards with the theme of "Pioneering a Sustainable Future with Excellence" in 2023. We presented the awards to the winning companies who have demonstrated exceptional leadership in ESG practices.

Furthermore, the Group actively engaged with regulatory parties to further our ESG initiatives. This included a face-to-face meeting with HKSFC to exchange insights on ESG processes and implementation, as well as industry practices. We shared our experiences, challenges and implementations related to ESG integration at the ESG working group of the Hong Kong Investment Funds Association ("HKIFA") that regularly discusses regulatory developments in Hong Kong, which are then shared to regulatory bodies like the HKSFC. Besides, our views on ESG regulation subjects were shared in periodic meetings of the Asia Securities Industry & Financial Markets Association ("ASIFMA") ESG working group. Looking ahead to 2024, we aim to continue these effective approaches to drive our ESG efforts with increased activities.

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.

Environmental Performance

	Unit	2023	2022
GHG emissions[1] and intensity within the Group			
Direct GHG emissions (Scope 1[2])	tonnes of CO_2 equivalent (tonnes CO_2e)	1.8	2.7
Direct GHG emissions (Scope 1) intensity	tonnes CO_2e/employee	0.01	0.01
Indirect GHG emissions (Scope 2[3])	tonnes CO_2e	350.3*	395.3*
Indirect GHG emissions (Scope 2) intensity	tonnes CO_2e/employee	1.9*	2.0*
Energy consumption and intensity within the Group			
Total energy consumption	MWh	563.8	550.7
Total indirect energy consumption	MWh	556.1*	541*
Electricity consumption	MWh	556.1*	541*
Total indirect energy consumption intensity	MWh/employee	3.0*	2.7*
Total direct energy consumption	MWh	7.7	9.7
Gasoline consumption	litres	800.5	1,005.9
Total direct energy consumption intensity	MWh/employee	0.04	0.05
Total water consumption[4]	m^3	8.0*	11.6*
Water consumption intensity	m^3/employee	0.04	0.06
Resources consumed within the Group			
Paper	tonnes	1.3*	1.7*
Toner cartridges	pieces	121*	118*
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	3.8	2.8
Plastic	kg	19.6	13.3[5]
Metal	kg	21.2	19.6
Toner cartridges	pieces	65*	82*

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.

With release of social distancing rules in post-pandemic era, staffs are required to work at the office, leading to the increase of the electricity consumption.

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. Emissions from mobile combustion are calculated with reference to GHG Protocol.

3 Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity consumed by us. The corresponding emission factors are sourced from utility company and International Energy Agency.

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

5 2022 recycled plastic is restated due to error, which resulted in lower recycled plastics than previously reported. The difference is immaterial to affect users' decision making.

b. Environmental and Resources Management

At Value Partners, environmental protection and sustainability are core values that we integrate into our daily operations and workplace culture. We recognize that preserving the environment and conserving natural resources are essential to enhancing the standard of living for both current and future generations. The management promotes awareness of these issues, acts on green initiatives and develops 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 related to environmental protection and report any non-environmentally friendly 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 which 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 resource conservation initiatives.

In terms of energy saving and reducing carbon footprint during the year, our Hong Kong office continued to participate in Earth Hour 2023 to raise awareness about energy conservation. Water conservation initiatives have also been promoted and implemented in our daily operations. Emphasizing green procurement, we prioritize the purchase of environmentally friendly stationery, including Post-It Greener Notes made with 67% plant-based adhesives and 100% recyclable materials and FSC-certified paper and ink pen refills to reduce plastic waste. To minimize waste, we have a dedicated team that repairs damaged office items such as chairs, cabinets, box files, and stamp machines, extending their product life. Certain electrical equipment and lighting are automatically controlled with timers after office hours to reduce energy use. Energy-saving reminders and tips are readily visible and accessible to employees, encouraging them to switch off monitors, office lighting, air conditioners, air purifiers and other electrical appliances when they are not in use. Furthermore, monthly maintenance checks are conducted on air conditioner filters and drainage conduits to ensure their efficient operation.

With robust waste management, the Administration department rolled out various initiatives to reduce waste and promote recycling. Our colleagues are encouraged to bring their own bottles and use the office water dispensers to reduce the consumption of plastic bottles. We have implemented a recycling program throughout our organization to ensure that materials such as paper and toner cartridges are recycled whenever possible. These used materials are sent to authorized dealers who specialize in recycling, ensuring proper disposal and minimizing environmental impact. In 2023, the Group recycled 3,818 kg of waste paper and reduced 18,327 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 21.24kg of aluminum cans during the year. 54% of used toner cartridges were recycled during the year. By participating in the "Computer & Communication Products Recycling Programme" under Environmental Protection Department, we supported the community to reduce electronic wastes.

During the year, our employees at Hong Kong office were encouraged to participate in the Outstanding Green Achiever Commendation Scheme under the 2022 Hong Kong Awards for Environmental Excellence to support environmental protection and emission reduction within the Group.

Moreover, we integrate environmental considerations into our decision-making process when choosing office locations. Our Hong Kong office is situated in a building that has voluntarily committed to the Energy Saving Charter and 4T (Target, Timeline, Transparency, and Together) Charter issued by the Environment Bureau of the HKSAR government, which addresses energy saving indoor temperatures and promoting the use of energy efficient appliances. In 2023, we signed up for the Food Wise Charter in support of the Food Wise Hong Kong Campaign to reduce food waste.

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.

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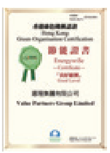
6. AWARDS AND RECOGNITIONS

We have been honored with awards and accolades for our commitment to environmentally sustainable work practices, fostering a positive work environment for our employees and delivering exceptional professional services to our esteemed clients. The following are the accolades we received throughout the year:

	Happy Company 2023 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
	5 years Plus Caring Company Logo 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
	Certification of CO2 reduction in paper recycling issued by the Confidential Materials Destruction Service Limited for recycling paper and reducing carbon emissions
	The ESG Leading Enterprise Awards of the Year 2022/2023 recognized by Master Insight ("灼見名家"), a Hong Kong magazine, for our leadership in integrating ESG initiatives into business operation
 	ESG Elite Award (Distinction) at the ESG Achievement Awards 2022/2023 co-organized by Institute of ESG & Benchmark ("IESGB") and the Institute of Financial Technologists of Asia ("IFTA")

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	84
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.	Environmental Performance	83
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance	83
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance	83
A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental and Resources Management	84
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	84

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	84
A2.1	Direct and/or indirect energy consumption by type in total (kWh in ’000s) and intensity.	Environmental Performance	83
A2.2	Water consumption in total and intensity.	Environmental Performance	83
A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental and Resources Management	84
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	82
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	84
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	82
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	82

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	73-79
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social Performance	73
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labor Practices	75
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	79
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance	73
B2.2	Lost days due to work injury.	Social Performance	73
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	79

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	76-78
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	76-78
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	76-78
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	75
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Welfare and Labor Standards	75
B4.2	Description of steps taken to eliminate such practices when discovered.	Welfare and Labor Standards	75
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	72
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	72
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	84

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	56-72
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	70-71

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	67-69
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	67-69
B7.3	Description of anti-corruption training provided to directors and staff.	Ethical Business Behaviors	67-69
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	79-81
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Involvement	79-81
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Involvement	79-81

Independent auditor's report

Independent Auditor's Report
To the Shareholders of Value Partners Group Limited
(incorporated in 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 98 to 158, comprise:

- the consolidated balance sheet as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, 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 categorized 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 2023, the Group has recognized fee income of HK$514.9 million, which primarily includes management fees of HK$467.4 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 income involves 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; c) Calculation of management fees is based on the net assets values of the investment funds obtained from the third party fund administrators; and d) Calculation of management fees is based on the details of assets under management obtained from the third party custodians of the managed accounts. 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 of the Group in place over the recognition and calculation of management 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 fund administrator 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; 4. We checked the settlement of the fee income; and 5. 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 2023, 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 directly held by the Group accounted for at fair value through profit or loss, amounting to HK$191.1 million; and b) investments in four joint ventures through Real Estate Partnership, accounted for under the equity method amounting to HK$606.1 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; assumptions used by management for the investment properties; 2. We evaluated the competence, capability and objectivity of the independent external valuers; 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; and 4. 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 2023, financial instruments measured at fair value of the Group included HK$71.7 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$56.0 million;

b) an investment fund managed by an external fund manager, which invested in private equity instruments, amounting to HK$2.0 million;

c) an investment fund co-managed by the Group and an external fund manager, which invested in a listed equity but suspended for trading as at 31 December 2023, amounting to HK$8.5 million; and

d) an unlisted equity security amounting to HK$5.2 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 2023.

Valuation methodologies and techniques adopted by the Group on their level 3 investments include market approaches using relevant prices or other relevant information generated by market transactions involving underlying assets. 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 or third party fund managers, and may make adjustments as it considers appropriate. For the unlisted equity security, the valuation technique includes market approach with the use of relevant transaction price, and considering changes in market conditions as well as the financial performance of the issuer.

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 understood and evaluated the key internal controls exercised by management over the existence and valuation of level 3 investments.

2. We obtained an understanding of management's internal control and assessment process of the valuation methodology and the process employed by management with respect to determining the fair values of the investments which are categorized 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 tested the existence of level 3 investments by obtaining independent confirmations from the fund administrators, fund manager or the unlisted company and agreeing the Group's holding of investments as at 31 December 2023 to the confirmations;

2. For the investment funds which invested in the unlisted investments or listed investments which have been suspended trading as at year end ("suspended listed investments"), we assessed the appropriateness of adopting the net asset value of the investment funds obtained from the fund administrator by the Group. We also assessed the judgments made in determining the valuation of such investments by considering factors which may impact their fair values, including the relevant market information and news of the unlisted investments or suspended listed investments, the price movement of comparable listed equities during the suspension period and, if applicable, the market price of the suspended listed investments upon resumption of trading after year end;

3. 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 2023 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; and

4. 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 is 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, 21 March 2024

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Income			
Fee income	6	514,856	584,543
Distribution fee expenses		(232,905)	(252,590)
Net fee income		281,951	331,953
Other income	7	73,065	76,741
Total net income		355,016	408,694
Expenses			
Compensation and benefit expenses	8	(250,848)	(330,088)
Operating lease rentals		(7,069)	(6,978)
Depreciation of right-of-use assets – properties	18	(19,250)	(20,483)
Other expenses	9	(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	19	(3,838)	19,085
Net foreign exchange losses		(11,618)	(123,422)
Others		–	3
Other gains/(losses) – net	10	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	16	25,008	(25,329)
Profit/(loss) before tax		27,595	(540,356)
Tax expense	11	(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	12	(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	13.1	1.3	(29.6)
Diluted earnings/(loss) per share	13.2	1.3	(29.6)

The notes on pages 102 to 158 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	17	156,232	167,848
Right-of-use assets	18	46,153	29,500
Investment property	19	191,080	197,608
Intangible assets	20	12,728	15,689
Investments in joint ventures	16	606,068	545,758
Deferred tax assets	32	3,414	3,090
Investments	22	1,746,875	1,743,189
Other assets		7,293	9,491
		2,769,843	2,712,173
Current assets			
Investments	22	179,442	179,371
Fees receivable	25	56,325	67,131
Tax receivable		35	100,033
Deposits for purchase of investments	26	26,967	–
Amounts receivable on sales of investments		42,953	–
Prepayments and other receivables		26,254	22,688
Cash and cash equivalents	27	1,558,885	1,666,461
Investments held-for-sale	23	17,378	–
		1,908,239	2,035,684
Current liabilities			
Accrued bonus		4,023	44,751
Distribution fee expenses payable	30	46,381	50,793
Dividend payable	14	913,355	–
Other payables and accrued expenses		48,413	43,900
Lease liabilities	33	14,454	19,522
Borrowing	31	1,170	76,054
Investments held-for-sale	23	784	–
		1,028,580	235,020
Net current assets		879,659	1,800,664
Non-current liabilities			
Accrued bonus		2,399	8,977
Borrowing	31	72,703	–
Lease liabilities	33	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	28	1,326,832	1,326,832
Other reserves	29	61,998	61,124
Retained earnings		2,153,868	3,106,243
Total equity		3,542,698	4,494,199

On behalf of the Board

SO Chun Ki Louis
Director

HO Man Kei, Norman
Director

The notes on pages 102 to 158 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Note	Attributable to owners of the Company			
		Issued equity HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total equity HK$'000
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	29	–	(41,034)	–	(41,034)
Total comprehensive loss		–	(41,034)	(544,315)	(585,349)
Transactions with owners in their capacity as owners					
Shares repurchase	28	(58,246)	–	–	(58,246)
Share-based compensation	28, 29	–	20,670	–	20,670
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	29	–	(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
As at 1 January 2023		1,326,832	61,124	3,106,243	4,494,199
Profit for the year		–	–	23,088	23,088
Other comprehensive loss					
Foreign exchange translation	29	–	(11,144)	–	(11,144)
Total comprehensive income		–	(11,144)	23,088	11,944
Transactions with owners in their capacity as owners					
Share-based compensation	28, 29	–	12,018	–	12,018
Dividends to owners of the Company	14	–	–	(975,463)	(975,463)
Total transactions with owners in their own capacity as owners		–	12,018	(975,463)	(963,445)
As at 31 December 2023		1,326,832	61,998	2,153,868	3,542,698

The notes on pages 102 to 158 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Net cash used in operations	35	(88,013)	(66,842)
Interest received from cash and cash equivalents		44,646	21,935
Interest received from financial assets at fair value through profit or loss		4,525	13,874
Tax received/(paid)		95,167	(45,608)
Net cash generated from/(used in) operating activities		56,325	(76,641)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(986)	(5,180)
Purchase of investments		(267,664)	(314,817)
Disposal of investments		220,212	881,370
Deposits for purchase of investments		(26,967)	–
Distributions from investments		48,974	32,296
Dividends received from investments		5,641	2,602
Capital redemption and net change in shareholders' loans on joint ventures		(46,811)	(197,440)
Net cash (used in)/generated from investing activities		(67,601)	398,831
Cash flows from financing activities			
Dividends paid		(62,108)	(147,631)
Share repurchase		–	(58,246)
Principal and interest elements of lease payments		(20,661)	(21,914)
Repayment of borrowing		(1,151)	(1,487)
Interest expense on borrowing		(5,619)	(3,522)
Net cash used in financing activities		(89,539)	(232,800)
Net (decrease)/increase in cash and cash equivalents		(100,815)	89,390
Net foreign exchange losses on cash and cash equivalents		(6,761)	(88,866)
Cash and cash equivalents at beginning of the year		1,666,461	1,665,937
Cash and cash equivalents at end of the year		1,558,885	1,666,461

The notes on pages 102 to 158 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2023

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 21 March 2024.

2 Summary of Material Accounting Policies

The material 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 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 Summary of Material 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 Material 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 2.9(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 Summary of Material Accounting Policies (continued)

2.3 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.

2.4 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.

2.5 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 Material Accounting Policies (continued)

2.5 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.

(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.

2.6 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 Material Accounting Policies (continued)

2.7 Intangible assets

(a) 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).

(b) 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.

2.8 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 Material Accounting Policies (continued)

2.9 Impairment

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

Assets that have an indefinite useful life 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 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.

2.10 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 Material Accounting Policies (continued)

2.10 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.

Investments held-for-sale

Investments are classified as held-for-sale when their carrying amount are to be recovered principally through a sale transaction or dilution and the sale and dilution is considered as highly probable. The investments are stated at the lower of carrying amount and fair value less costs to sell.

2 Summary of Material Accounting Policies (continued)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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 Material Accounting Policies (continued)

2.16 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 recognized on a time proportion basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

2.17 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 Material Accounting Policies (continued)

2.18 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 Material Accounting Policies (continued)

2.19 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.

2.20 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.

2.21 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.

2 Summary of Material Accounting Policies (continued)

2.21 Leases (continued)

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.

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.

2.22 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.

2.23 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.

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	
	2023	2022	2023	2022	2023	2022
			HK$'000	HK$'000	HK$'000	HK$'000
Australian dollar	+/– 5%	+/– 6%	+/– 17,515	+/– 21,977	–	–
Japanese yen	+/– 9%	+/– 16%	+/– 20,129	+/– 35,278	–	–
New Zealand dollar	+/– 5%	+/– 6%	–	+/– 5	+/– 6,078	+/– 7,552
Pound sterling	+/– 5%	+/– 9%	+/– 1,644	+/– 9,272	–	–
Renminbi	+/– 5%	+/– 9%	+/– 15,874	+/– 49,851	+/– 18,529	+/– 34,552
Euro	+/– 6%	+/– 5%	+/– 3,904	+/– 89	–	–

Refer to Notes 22, 25, 27, 30 and 31 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 (excluding money market instruments with fixed interest coupon rate) 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 2023, if interest rates had been 50 basis points (2022: 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$218,000 higher/lower (2022: HK$889,000 higher/lower). The sensitivity analysis for the years ended 31 December 2023 and 2022 was primarily arising from the increase/decrease in interest income on cash and cash equivalents and interest expense on borrowing.

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	
	2023	2022	2023 HK$'000	2022 HK$'000
MSCI China Index	**+/– 20%**	+/– 30%	**+/– 83,443**	+/– 124,213

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.

	2023 HK$'000	2022 HK$'000
AA+	544,648	–
AA-	7,722	8,788
A+	4,349	–
A	389,014	1,227,382
A-	99,226	121,853
BBB+	494,729	182,153
BBB	20,853	129,341
Unrated	113	710
	1,560,654	1,670,227

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.

Fees receivable

As at 31 December 2023, fees receivable including management fees, performance fees and front-end fees from the five major investment funds and managed accounts amounted to HK$39,630,000 (2022: HK$46,038,000), which accounted for 70% (2022: 69%) of the total outstanding balance. Refer to Note 25 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 2023 or 31 December 2022 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. No impairment losses on fees receivable and other receivables was recognized as at 31 December 2023. During the year ended 31 December 2022, the Group recognized a write-off of fees receivable. For details, please refer to Note 25.

(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 2023, the Group held liquid assets of HK$1,558,885,000 (2022: HK$1,666,461,000), being cash and cash equivalents, that are expected to readily generate cash inflows for managing liquidity risk.

The tables below analyze the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts in the table are the contractual undiscounted cash flows.

	2023			2022		
	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	1,750,187	–	176,130	1,751,560	–	171,000
Investments held-for-sale	–	17,378	–	–	–	–
Fees receivable	–	56,325	–	–	67,131	–
Other receivables	–	83,507	–	–	16,245	–
Cash and cash equivalents	693,992	864,893	–	288,176	1,378,285	–
	2,444,179	1,022,103	176,130	2,039,736	1,461,661	171,000
Liabilities						
Distribution fee expenses payable	–	(46,381)	–	–	(50,793)	–
Investments held-for-sale	–	(784)	–	–	–	–
Other payables	–	(7,752)	–	–	(7,587)	–
Borrowings	–	(7,113)	(76,155)	–	(79,937)	–
Lease liabilities	–	(17,053)	(34,300)	–	(20,470)	(9,874)
	–	(79,083)	(110,455)	–	(158,787)	(9,874)
Cumulative gap	2,444,179	943,020	65,675	2,039,736	1,302,874	161,126

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 2023 and 2022.

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 2023 and 2022.

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 2023 and 2022.

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 2023 and 2022.

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 2023 and 2022.

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 2023 and 2022.

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 2023 and 2022.

	Types of regulated activities [b]
Sensible Asset Management Hong Kong Limited [a]	Types 4 and 9
Sensible Asset Management Limited [a]	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

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	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Investments (Note 22)								
Listed securities	732,079	680,327	1,046	–	–	4,668	733,125	684,995
Unlisted securities								
Equity securities	–	–	–	–	5,200	1,034	5,200	1,034
Investment funds	–	–	1,121,500	1,128,136	66,492	108,395	1,187,992	1,236,531
Sub-total	732,079	680,327	1,122,546	1,128,136	71,692	114,097	1,926,317	1,922,560

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 2023				Year ended 31 December 2022				
	Listed securities HK$'000	Unlisted securities – investment funds HK$'000	Unlisted securities – equity securities HK$'000	Total HK$'000	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
As at 1 January	4,668	108,395	1,034	114,097	7,780	146,477	–	691,002	845,259
Addition	–	8,911	5,220	14,131	–	–	–	–	–
Transfer	(4,668)	–	–	(4,668)	–	–	1,685	–	1,685
Return of capital	–	(48,974)	–	(48,974)	–	(32,296)	–	–	(32,296)
Disposal	–	–	(965)	(965)	–	–	–	(643,501)	(643,501)
Losses recognized in profit or loss and included in net losses on investments	–	(1,840)	(89)	(1,929)	(3,112)	(5,786)	(651)	(47,501)	(57,050)
As at 31 December	–	66,492	5,200	71,692	4,668	108,395	1,034	–	114,097
Change in unrealized losses for level 3 instruments held at year end and included in profit or loss and net losses on investments	–	(1,840)	(89)	(1,929)	(3,112)	(5,786)	(651)	(47,501)	(57,050)

As at 31 December 2023, the level 3 instruments include three investment funds and one unlisted equity security (Note 22). As at 31 December 2022, the level 3 instruments includes one suspended listed security, two investment funds and one unlisted equity security.

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 2023 and 2022, the investment funds were stated with reference to the net asset value provided by the respective administrators of the investment funds.

As at 31 December 2022, the suspended listed security was valued with reference to its last transaction price, subject to further illiquidity adjustment. 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.

4 Financial Risk Management (continued)

4.3 Fair value estimation (continued)

During the year ended 31 December 2023, there was a transfer from level 3 to level 2 of a suspended listed security of HK$4,668,000 in the fair value measurement hierarchy due to resumption of listing of that suspended listed security. During the year ended 31 December 2022, there was a transfer from level 2 to level 3 of an equity security of HK$1,685,000 in the fair value measurement hierarchy.

During the year ended 31 December 2023, the addition of HK$14,131,000 represented a capital contribution to an existing private equity fund of HK$313,000 and capital contributions to one new investment fund of HK$8,598,000 and one new unlisted equity security of HK$5,220,000. During the year ended 31 December 2022, there was no addition of level 3 instruments.

During the year ended 31 December 2023, there was a return of capital from an unlisted investment fund of HK$48,974,000 (2022: HK$32,296,000).

During the year ended 31 December 2023, the disposal of HK$965,000 represents the disposal of an existing investment fund.

For those closed-ended level 3 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 appropriate.

As at 31 December 2023, the unlisted equity security of HK$5,200,000 was valued at its recent transaction cost. As at 31 December 2022, the unlisted equity security of HK$1,034,000 was valued with referenced to its net asset value provided by the investee entity and assessed by the Group.

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 the carrying value approximates 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 2023 and 2022. 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.

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$68,235,000 (2022: HK$72,522,000) 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.

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

7 Other Income

	2023 HK$'000	2022 HK$'000
Interest income on cash and cash equivalents	42,648	23,745
Interest income from financial assets at fair value through profit or loss	4,500	12,191
Dividend income on financial assets at fair value through profit or loss	9,570	17,300
Rental income from an investment property (Note 19)	12,191	11,686
Others	4,156	11,819
Total other income	73,065	76,741

8 Compensation and Benefit Expenses

	2023 HK$'000	2022 HK$'000
Salaries, wages and other benefits	219,262	247,922
Management bonus	10,656	51,837
Share-based compensation (Notes 28 and 29)	12,018	20,670
Pension costs	8,912	9,659
Total compensation and benefit expenses	250,848	330,088

8.1 Pension costs – mandatory provident fund scheme

There were no forfeited contributions utilized during the years ended 31 December 2023 and 2022. As at 31 December 2023 and 2022, the Group had no material contributions available to reduce its contributions to the pension schemes in future years.

As at 31 December 2023 and 2022, 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 2023 included four (2022: four) directors whose emoluments are reflected in the analysis shown in Note 40. Details of the remuneration of the remaining highest-paid individual are as follows:

	2023 HK$'000	2022 HK$'000
Salaries, wages and other benefits	5,079	2,547
Management bonus	–	5,260
Share-based compensation	830	–
Pension costs	18	18
	5,927	7,825

The remaining one (2022: one) individual's emoluments were within the following band:

	Number of individuals 2023	2022
HK$5,000,001 to HK$10,000,000	1	1

8.3 Senior management remuneration by band

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

	Number of individuals 2023	2022
Below HK$5,000,000	5	5
HK$5,000,001 to HK$10,000,000	1	1

8.4 Deferred Bonus

During the years ended 31 December 2023 and 2022, 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 2024-2026 (2022: years 2023-2025):

	2023 HK$'000	2022 HK$'000
Deferred bonus	–	1,213

9 Other Expenses

	2023 HK$'000	2022 HK$'000
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
Total other expenses	113,116	119,776

10 Other Gains/(Losses) – Net

	2023 HK$'000	2022 HK$'000
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 19)	(3,838)	19,085
Net foreign exchange losses	(11,618)	(123,422)
Gains on disposal of property, plant and equipment	–	3
Total other gains/(losses) – net	45,301	(441,103)

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 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 HK$'000	2022 HK$'000
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 (Note 32)	(176)	(1,552)
Total tax expense	4,507	3,959

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

	2023 HK$'000	2022 HK$'000
Profit/(loss) before tax	27,595	(540,356)
Tax calculated at domestic tax rates applicable to profits/(losses) in the respective jurisdictions	2,098	(88,460)
Tax effects of:		
Non-taxable income and gains on investments	(43,225)	(24,687)
Non-deductible expenses and losses on investments	26,135	95,412
Adjustments in respect of prior years	772	(1,349)
Tax losses not recognized	18,727	23,043
Tax expense	4,507	3,959

The weighted average applicable tax rate was 7.6% (2022: 16.4%).

12 Other Comprehensive Loss

	2023 HK$'000	2022 HK$'000
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)

13 Earnings/(Loss) Per Share

13.1 Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	2023	2022
Profit/(loss) for the year attributable to owners of the Company (HK$'000)	23,088	(544,315)
Weighted average number of ordinary shares in issue (thousands)	1,826,710	1,839,209
Basic earnings/(loss) per share (HK cents per share)	1.3	(29.6)

13.2 Diluted earnings/(loss) per share

Diluted earnings/(loss) 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.

	2023	2022
Profit/(loss) for the year attributable to owners of the Company (HK$'000)	23,088	(544,315)
Weighted average number of ordinary shares in issue (thousands)	1,826,710	1,839,209
Weighted average number of ordinary shares for diluted earnings/(loss) per share (thousands)	1,826,710	1,839,209
Diluted earnings/(loss) per share (HK cents per share)	1.3	(29.6)

14 Dividends

	2023 HK$'000	2022 HK$'000
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.

15 Investments in Subsidiaries

15.1 Corporate structure

As at 31 December 2023, 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 Limited	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	1 ordinary share of RM1 each	–	100%
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management	185,000,000 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 RMB80,000,000	–	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%

* Refer to Note 23 for further details of investments held-for-sale.

** During the year ended 31 December 2023, Chief Union Investments Limited was in the progress of de-registration.

During the year ended 31 December 2023, Rough Seas Capital Holdings Limited was deregistered.

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:

	Place of incorporation	Effective interest held 2023 Directly	2023 Indirectly	2022 Directly	2022 Indirectly
Value Partners Asia Pacific Real Estate Limited Partnership	Cayman Islands	–	100%	–	100%

Refer to Note 24 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 2023	Interest held 2022
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%
Golden Partners Investment Limited	Hong Kong	Investment holding	50%	–

The Group's investments in joint ventures are mainly related to the investment in Real Estate Partnership. Refer to Note 24 for further information.

As at 31 December 2023 and 2022, Value Investing Group Company Limited has a beneficial interest in a trust which owns four logistic centers located in Japan. In August 2022, Value Investing Group Company Limited purchased a logistic center in Hokkaido, Japan, with a consideration of JPY3,200 million (equivalent to HK$186 million) through its subsidiary.

As at 31 December 2023 and 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.

As at 31 December 2023 and 2022, AM 310 Ann Street Investor Unit Trust holds an Australian commercial building. The Group's 15% interest in AM 310 Ann Street Investor Unit Trust is considered investments in joint ventures as decisions about the relevant activities require unanimous consent of the parties sharing control.

There are no investments or activities for VP-ZACD Holding Pte. Ltd. for the years ended 31 December 2023 and 2022.

During the year ended 31 December 2023, the Group has formed a new joint venture, Golden Partners Investment Limited, with an independent business partner. On 27 July 2023, Golden Partners Investment Limited 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 EUR 13.1 million (equivalent to HK$112 million) through the subscription of 50% units in Cromwell Italy Urban Logistics Fund.

16 Investments in Joint Ventures (continued)

Movement in investments in joint ventures during the year is as follows:

	2023 HK$'000	2022 HK$'000
Investments in joint ventures		
Beginning of the year	208,752	240,446
Share of gains/(losses) of joint ventures	25,008	(25,329)
Exchange differences	(6,303)	(6,365)
	227,457	208,752
Shareholders' loans included in investments in joint ventures		
Beginning of the year	337,006	183,593
Addition of shareholders' loans (note a)	61,275	–
Net change in shareholders' loans (note b)	(14,464)	197,440
Exchange differences	(5,206)	(44,027)
	378,611	337,006
End of the year	606,068	545,758

(a) During the year ended 31 December 2023, the Real Estate Partnership made a contribution of shareholders' loan of EUR7 million (equivalent to HK$61.3 million) to Golden Partners Investment Limited.

(b) The Real Estate Partnership received repayments of shareholders' loans of AUD2.6 million (equivalent to HK$13.3 million) (31 December 2022: AUD2.1 million (equivalent to HK$11.0 million)) and JPY20.0 million (equivalent to HK$1.2 million) (31 December 2022: JPY1,303.0 million (equivalent to HK$71.3 million)) from Clear Miles Hong Kong Limited and Value Investing Group Company Limited respectively. 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.

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		Golden Partners Investment Limited	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Asset – non-current assets	223,122	215,643	239,804	246,906	165,508	169,148	62,060	–
Asset – current assets	214	262	1,576	1,655	3,494	3,762	2,552	–
Liabilities – current liabilities	(58)	(54)	(20)	(18)	(232)	(1,234)	(822)	–
Liabilities – non-current liabilities	–	–	–	–	(91,130)	(90,312)	–	–
Net assets	223,278	215,851	241,360	248,543	77,640	81,364	63,790	–
Income	32,380	30,305	33,806	26,170	10,873	12,920	3,628	–
Expenses	(12,784)	(10,342)	(25,646)	(14,995)	(7,977)	(6,366)	(2,430)	–
Tax expense	(3,966)	(4,144)	–	(123)	–	–	–	–
Fair value change of properties	8,353	11,145	1,950	(44,646)	(3,252)	(2,448)	2,274	–
Exchange difference	(11,805)	(18,467)	153	1,262	(594)	(5,600)	45	–
Profit/(loss) after tax and total comprehensive income/(loss)	12,178	8,497	10,263	(32,332)	(950)	(1,494)	3,517	–

There are no 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.

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 2022						
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
Year ended 31 December 2023						
Opening net book amount	160,852	4,084	535	2,377	–	167,848
Additions	–	544	97	317	–	958
Depreciation (Note 9)	(5,671)	(2,248)	(235)	(1,367)	–	(9,521)
Exchange differences	(3,008)	(40)	(5)	–	–	(3,053)
Closing net book amount	152,173	2,340	392	1,327	–	156,232
As at 31 December 2023						
Cost	187,782	21,254	3,392	23,403	2,596	238,427
Accumulated depreciation	(35,609)	(18,914)	(3,000)	(22,076)	(2,596)	(82,195)
Net book amount	152,173	2,340	392	1,327	–	156,232

18 Right-of-use Assets

	2023 HK$'000	2022 HK$'000
Cost		
At 1 January	63,258	63,173
Additions	36,318	3,764
Derecognitions	–	(3,608)
Reclassification into investments held-for-sale (Note 23)	(1,277)	–
Exchange differences	(28)	(71)
At 31 December	98,271	63,258
Accumulated depreciation		
At 1 January	(33,758)	(16,881)
Depreciation	(19,250)	(20,483)
Derecognitions	–	3,608
Reclassification into investments held-for-sale (Note 23)	864	–
Exchange differences	26	(2)
At 31 December	(52,118)	(33,758)
Net book value		
At 31 December	46,153	29,500

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 2023 and 2022, 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

	2023 HK$'000	2022 HK$'000
Beginning of the year	197,608	190,572
Fair value (loss)/gain (Note 10)	(3,838)	19,085
Foreign exchange translation	(2,690)	(12,049)
End of the year	191,080	197,608

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 (31 December 2022: HK$197,608,000).

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.

Apart from the above, the Group's investment property is part of the investments in the Real Estate Partnership. Refer to Note 24 for further information.

Amounts recognized in profit or loss for investment property

	2023 HK$'000	2022 HK$'000
Rental income (Note 7)	12,191	11,686
Direct operating expenses from property that generated rental income	3,896	4,821
Fair value (loss)/gain recognized in other (losses)/gains – net (Note 10)	(3,838)	19,085

Fair value measurements using significant unobservable inputs

Significant unobservable inputs used in the fair value measurements for 2023 and 2022 are as follows:

Unobservable inputs	Retail	Student accommodation	Parking	Relationship of increase in unobservable inputs to fair value
Capitalization rate	6.25% (2022: 6%)	6.25% (2022: 6%)	6.25% (2022: 6%)	Decrease in the fair value
Market rent	New Zealand dollar ("NZD")350 (2022: NZD340) per square meter	NZD195 (2022: NZD190) per room per week	NZD55 (2022: NZD50) 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 2022				
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
Year ended 31 December 2023				
Opening net book amount	–	8,189	7,500	15,689
Additions	–	28	–	28
Amortization (Note 9)	–	(2,971)	–	(2,971)
Exchange differences	–	(18)	–	(18)
Closing net book amount	–	5,228	7,500	12,728
As at 31 December 2023				
Cost	–	19,687	7,500	27,187
Accumulated amortization	–	(13,215)	–	(13,215)
Accumulated impairment	–	(1,244)	–	(1,244)
Net book amount	–	5,228	7,500	12,728

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 2023	Interest held 2022
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	41%	30%

	Net asset value 31 December		Profit/(Loss) for the year and total comprehensive income/(loss) 31 December	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Value Partners Asia Principal Credit Fund Limited Partnership	190,399	356,303	(727)	(12,200)
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	5,570	5,668	10	14
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF[a]	–	217,375	–	(17,056)
Value Partners Ireland Fund ICAV[b]	1,575,151	2,202,297	(88,421)	(1,308,023)

The information disclosed reflects the amounts presented in the financial statements of the relevant associates.

(a) As at 31 December 2023, the fund was reclassified from "investments in associates" to "financial assets at fair value through profit or loss". Refer to Note 22.

(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 Asia Ex-Japan Equity Fund, Value Partners Asian Dynamic Bond 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, Value Partners Health Care Fund and Value Partners Asian Food and Nutrition Fund.

The fair value of the Group's interests in such investment funds are also summarized in Note 38.3.

22 Investments

Investments include the following:

	2023 HK$'000	2022 HK$'000
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
Market value of listed securities	733,125	684,995
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
Fair value of unlisted securities	1,193,192	1,237,565
Representing:		
Non-current	1,746,875	1,743,189
Current	179,442	179,371
Total investments	1,926,317	1,922,560

As at 31 December 2023, HK$711 million (31 December 2022: HK$851 million) of investments in associates was classified as "non-current investments" in the consolidated balance sheet.

As at 31 December 2022, the Group recognized Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF ("EMQQ") as "investments in associates" with the amount HK$72,650,000 being recognized in the consolidated balance sheet. As at 30 June 2023, the Group held 66% of the net asset value of EMQQ and was considered holding the controlling power over the investment. The Group reclassified such investment as non-current assets held-for-sale and recognized it under current assets as "investment held-for-sale" with the amount HK$107,890,000 and under current liabilities as "investment held-for-sale" with the amount HK$36,740,000 respectively and these amounts were recognized in the condensed consolidated balance sheet as at 30 June 2023. As at 31 December 2023, the Group held 92% of the net asset value of EMQQ and the management changed its intention to hold EMQQ and reclassified such investment as "financial assets at fair value through profit or loss" with the amount HK$74,500,000 being recognized 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 2023 and 2022, 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 38.3 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 38.3) 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 (2022: HK$2,000 to HK$0.5 billion). The size of the investment funds ranges from US$87,000 to US$1.4 billion (2022: US$0.3 million to US$1.4 billion). During the years ended 31 December 2023 and 2022, 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:

	2023 HK$'000	2022 HK$'000
United States dollar	986,409	1,038,419
Hong Kong dollar	824,130	742,255
Renminbi	47,642	37,949
South Korea won	–	35,543
Australian dollar	26,720	19,637
Pound sterling	20,293	19,615
Singapore dollar	20,485	14,291
Malaysian ringgit	–	13,817
Others	638	1,034
Total investments	1,926,317	1,922,560

23 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 was not completed as at 31 December 2023 and the Group classified its interest in the subsidiary as investments held-for-sale.

	2023 HK$'000
Non-current assets classified as investments held-for-sale	
Right-of-use assets	413
Investments	11,027
Other assets	156
	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
	5,782
Current liabilities classified as investments held-for-sale	
Other payables and accrued expenses	206
Lease liabilities	479
	685
Non-current liabilities classified as investments held-for-sale	
Deferred tax liabilities	76
Lease liabilities	23
	99
Net investments held-for-sale	16,594

24 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 2023, the Group committed and paid US$128.8 million (equivalent to HK$1,005 million) capital to the Real Estate Partnership (31 December 2022: US$122 million (equivalent to HK$954 million)).

On 16 June 2023, a subsidiary of the Group made a capital contribution of US$6.8 million (equivalent to HK$53 million) to the Real Estate Partnership. There was no undrawn capital commitment in Real Estate Partnership as at 31 December 2023 and 2022.

As at 31 December 2023 and 2022, the Group held controlling interest in the Real Estate Partnership and all assets and liabilities of this fund was consolidated within the Group's balance sheet.

As at 31 December 2023 and 2022, 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 2023 HK$'000	31 December 2022 HK$'000
Non-current assets:				
Investments in joint ventures	– Four Japanese logistic centers – Two Australian commercial projects – Seven Italian logistics centers (2022: Nil)	(i)	606,068	545,758
Investment property	– One New Zealand student accommodation building	(ii)	191,080	197,608
Non-current liability:				
Borrowing		(iii)	(72,703)	–
Current liability:				
Borrowing		(iii)	(1,170)	(76,054)
Other net assets		(iv)	13,708	7,656
Total			736,983	674,968

(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) The Real Estate Partnership's borrowing of NZD15,155,000 (equivalent to HK$73,873,000) (31 December 2022: NZD15,395,000 (equivalent to HK$76,054,000)) is secured by the student accommodation building located in New Zealand with a fair value of HK$191,080,000 (31 December 2022: HK$197,608,000) as the collateral of the borrowing. On 27 July 2023, the Real Estate Partnership entered into an amended facility agreement and the repayment date of the borrowing is extended to 31 July 2025. As at 31 December 2023, the effective interest rate is the sum of the lending bank's bill rate for the interest period plus a margin of 2.43% (31 December 2022: 2.25%) per annum. The interest payables on the borrowing are included in other payables and accrued expenses in other net assets (current).

(iv) Other net assets comprise of cash and cash equivalents, prepayments and other receivables, other payables and accrued expenses.

25 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 2023 (2022: 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:

	2023 HK$'000	2022 HK$'000
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
	1,470	6,835
Fees receivable that were within credit period	54,855	60,296
Total fees receivable	56,325	67,131

Fees receivable are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
Australian dollar	345	836
Hong Kong dollar	5,153	4,313
Renminbi	18,675	20,782
United States dollar	30,307	35,520
Others	1,845	5,680
Total fees receivable	56,325	67,131

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.

There was no impairment provision on fees receivable as at 31 December 2023. 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.

26 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 recognized as "Deposits for purchase of investments" in the consolidated balance sheet.

27 Cash and Cash Equivalents

	2023 HK$'000	2022 HK$'000
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
Total cash and cash equivalents	1,558,885	1,666,461

Cash and cash equivalents are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
Australian dollar	8,790	13,157
Hong Kong dollar	601,588	279,487
Pound sterling	10,232	75,481
Renminbi	465,378	730,143
Singapore dollar	22,887	41,457
United States dollar	443,980	512,765
Others	6,030	13,971
Total cash and cash equivalents	1,558,885	1,666,461

28 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 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 January 2023 and 31 December 2023	1,826,709,831	182,671	2,010,974	(866,813)	1,326,832

28 Issued Equity (continued)

As at 31 December 2023, the total number of authorized ordinary shares of the Company was 5,000,000,000 shares (2022: 5,000,000,000 shares) with a par value of HK$0.1 (2022: 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 and the aggregate consideration paid was approximately HK$58,246,000.

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. There were no share options granted for the year ended 31 December 2023. 9,250,000 options were granted under the share option scheme for the year ended 31 December 2022 and the fair value was HK$5,077,000 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 2023 was HK$12,018,000 (2022: HK$20,670,000) which had no impact to the Group's cash flow. The weighted average fair value of options granted during the years 2023 and 2022 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
Grant date	11 March
Share price on grant date (HK$ per share)	3.26
Exercise price (HK$ per share)	3.47
Expected dividend yield (%)	7.0
Expected volatility (%)	41.0
Risk-free interest rate (%)	1.4
Remaining time to expected exercise date (year)	3.6

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 2022	4.65	92,309
Expired	3.94	(500)
Forfeited	4.14	(3,100)
Granted	3.47	9,250
As at 31 December 2022, 1 January 2023 and 31 December 2023	4.55	97,959

28 Issued Equity (continued)

Share options (continued)

Out of the 97,959,000 (2022: 97,959,000) outstanding share options, 89,334,000 (2022: 54,605,000) options were exercisable as at 31 December 2023 with weighted average exercise price of HK$4.57 (2022: HK$4.89) per share. No options were exercised during the year ended 31 December 2023 (2022: Nil).

Share options outstanding have the following expiry date and exercise price:

Expiry date	Exercise price (HK$ per share)	Number of options ('000) 2023	2022
14 April 2025	5.87	20,500	20,500
22 August 2026	4.14	60,209	60,209
11 December 2026	5.55	8,000	8,000
10 March 2027	3.47	9,250	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.

29 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 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
As at 1 January 2023	77,517	(519)	240	–	(16,114)	61,124
Share-based compensation (Note 8)	12,018	–	–	–	–	12,018
Foreign exchange translation	–	–	–	–	(11,144)	(11,144)
As at 31 December 2023	89,535	(519)	240	–	(27,258)	61,998

(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.

30 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 HK$'000	2022 HK$'000
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

Distribution fee expenses payable are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
United States dollar	45,739	50,274
Others	642	519
Total distribution fee expenses payable	46,381	50,793

31 Borrowing

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

During the year ended 31 December 2023, the repayment date of the borrowing was renewed from 18 October 2023 to 31 July 2025.

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:

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

31 Borrowing (continued)

The effective interest rate of the Group's borrowing at the balance sheet date is as follows:

	2023	2022
Bank loan	7.62%	4.63%

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:

	2023 HK$'000	2022 HK$'000
New Zealand dollar	73,873	76,054

32 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 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
As at 1 January 2023	1,603	1,487	3,090
Credited/(debited) to profit or loss (Note 11)	469	(293)	176
Exchange difference	79	69	148
As at 31 December 2023	2,151	1,263	3,414

Deferred tax assets are recognized for tax losses carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 31 December 2023, the Group did not recognize deferred tax assets of HK$68,552,000 (2022: HK$50,462,000) in respect of losses amounting to HK$344,176,000 (2022: HK$252,759,000) that can be carried forward against future taxable profits as the realization of the related tax benefit may not be probable.

33 Lease Liabilities

	2023 HK$'000	2022 HK$'000
At 1 January	29,183	45,649
Renewal of new leases	36,318	3,764
Reclassification into investments held-for-sale (Note 23)	(502)	–
Lease payments	(20,661)	(21,914)
Finance costs	1,828	1,771
Exchange differences	(10)	(87)
At 31 December	46,156	29,183

	2023 HK$'000	2022 HK$'000
Representing:		
Current		
– contractual maturity within 1 year	14,454	19,522
Non-current		
– contractual maturity after 1 year but within 2 years	13,090	8,916
– contractual maturity after 2 years but within 5 years	18,612	745
	31,702	9,661
Total lease liabilities	46,156	29,183

34 Financial Instruments by Category

	2023 HK$'000	2022 HK$'000
Category of financial assets		
Financial assets at amortized cost		
Fees receivable (Note 25)	56,325	67,131
Other receivables	13,587	16,245
Deposits for purchase of investments (Note 26)	26,967	–
Amounts receivable from sales of investments	42,953	–
Cash and cash equivalents (Note 27)	1,558,885	1,666,461
	1,698,717	1,749,837
Financial assets at fair value through profit or loss		
Investments (Note 22)	1,926,317	1,922,560
Category of financial liabilities		
Financial liabilities at amortized cost		
Distribution fee expenses payable (Note 30)	46,381	50,793
Other payables	7,752	7,587
Borrowing (Note 31)	73,873	76,054
	128,006	134,434

35 Notes to the Consolidated Cash Flow Statement

	2023 HK$'000	2022 HK$'000
Profit/(loss) before tax	27,595	(540,356)
Adjustments for		
Interest income on cash and cash equivalents	(42,648)	(23,745)
Interest income from financial assets at fair value through profit or loss	(4,500)	(12,191)
Interest expense on borrowing	5,619	3,522
Interest expense on lease liabilities	1,828	1,771
Dividend income on financial assets at fair value through profit or loss	(9,570)	(17,300)
Share-based compensation	12,018	20,670
Depreciation and amortization	12,492	12,962
Depreciation of right-of-use assets	19,250	20,483
Share of (gains)/losses of joint ventures	(25,008)	25,329
Other (gains)/losses – net	(45,301)	441,103
Changes in working capital		
Other assets	2,198	(653)
Fees receivable	10,806	122,929
Prepayments and other receivables	(5,587)	7,517
Accrued bonus	(47,306)	(86,630)
Distribution fee expenses payable	(4,412)	(41,227)
Other payables and accrued expenses	4,513	(1,026)
Net cash used in operations	(88,013)	(66,842)

35 Notes to the Consolidated Cash Flow Statement (continued)

Reconciliation of liabilities arising from financing activities

	Borrowing HK$'000 (Note 31)	Lease liabilities HK$'000 (Note 33)	Total HK$'000
At 1 January 2022	82,634	45,649	128,283
Changes from financing cash flows:			
Renewal 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 and 1 January 2023	76,054	29,183	105,237
Changes from financing cash flows:			
Renewal of new leases	–	36,318	36,318
Reclassification into investments held-for-sale	–	(502)	(502)
Finance costs	–	1,828	1,828
Principal and interest elements of lease payments	–	(20,661)	(20,661)
Repayment of borrowing	(1,151)	–	(1,151)
Exchange differences	(1,030)	(10)	(1,040)
At 31 December 2023	73,873	46,156	120,029

36 Commitments

36.1 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 2023 HK$'000	31 December 2022 HK$'000
Within 1 year	163	241
Total operating lease commitments	163	241

36 Commitments (continued)

36.2 Capital commitments

As at 31 December 2023, the Group has unfunded capital commitment in a private equity fund amounted to HK$91,402,000 (31 December 2022: HK$312,000) and an unlisted equity security amounted to HK$2,600,000 (31 December 2022: Nil). As at 31 December 2023, the capital commitment contracted to purchase licensed software and hardware but not yet incurred amounted to approximately HK$7,920,000 (31 December 2022: HK$10,811,000).

	31 December 2023 HK$'000	31 December 2022 HK$'000
Within 1 year	1,980	2,618
1-2 years	1,980	2,253
2-3 years	1,980	1,980
3 years or above	1,980	3,960
	7,920	10,811

37 Contingencies

The Group would have 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.

37.1 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 2023 and 2022, performance fees in respect of performance periods ending on a performance fee valuation day not falling within the corresponding year and 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.

37 Contingencies (continued)

37.2 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. These distribution fee expenses may be payable in cash if the performance fees are subsequently earned on the performance fee valuation days.

As a result, as at 31 December 2023 and 2022, 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 and have not been recognized.

38 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.

38.1 Summary of transactions entered into during the ordinary course of business with related parties

	2023 HK$'000	2022 HK$'000
Investment management fee income from a related party of a director	131	45
Consultancy fee expense to a related party of a director	336	289

38.2 Key management compensation

Key management includes the executive directors of the Group. The compensation to key management for employee services is as follows:

	2023 HK$'000	2022 HK$'000
Management bonus, salaries and other short-term employee benefits	21,891	38,980
Share-based compensation	8,745	14,385
Pension costs	72	72
Total key management compensation	30,708	53,437

38.3 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 24.

38 Related-Party Transactions (continued)

38.3 Investments in investment funds which are managed/advised by the Group (continued)

	Fair value	
	2023 HK$'000	2022 HK$'000
Consolidated structured entity		
Value Partners Asia Pacific Real Estate Limited Partnership (Note 24)	736,983	674,968
Unconsolidated structured entities		
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	–	35,543
Value Gold ETF [(b)]	540,511*	474,895*
Value Partners Asia Fund, LLC [(a)]	311	334
Value Partners Asia Principal Credit Fund Limited Partnership (Note 21)	56,000	104,795
Value Partners Classic Fund [(i)]	1,126*	3,465*
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (Note 21)	74,500	72,650
Value Partners Fund Series – Value Partners All China Bond Fund [(d)]	143,238*	140,543*
Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund [(i)]	94,048*	77,139*
Value Partners Fund Series – Value Partners Asian Total Return Bond Fund [(d)]	12,832*	12,977*
Value Partners Fund Series – Value Partners China A-Share Select Fund [(i)]	471*	629*
Value Partners Fund Series – Value Partners Asian Income Fund [(i)]	379*	548*
Value Partners Greater China High Yield Income Fund [(e)]	1,228*	1,005*
Value Partners Hedge Fund Limited [(a)]	2	2
Value Partners High-Dividend Stocks Fund [(i)]	2,064*	2,092*
Value Partners Intelligent Funds – Chinese Mainland Focus Fund [(d)]	1,011*	1,790*
Value Partners Intelligent Funds – China Convergence Fund [(c)]	46	55
Value Partners Ireland Fund ICAV – Value Partners All China Equity Fund [(h)] (Note 21)	–	67
Value Partners Ireland Fund ICAV – Value Partners Asia Ex-Japan Equity Fund [(h) & (i)] (Note 21)	31,223	30,411
Value Partners Ireland Fund ICAV – Value Partners Asian Dynamic Bond Fund [(j)] (Note 21)	33,150	32,952
Value Partners Ireland Fund ICAV – Value Partners China A Shares Consumption Fund [(d)] (Note 21)	–	45,036
Value Partners Ireland Fund ICAV – Value Partners China A Shares Equity Fund [(g) & (h)] (Note 21)	39,856	51,590
Value Partners Ireland Fund ICAV – Value Partners China A Shares High Dividend Fund [(g)] (Note 21)	47,952	50,108
Value Partners Ireland Fund ICAV – Value Partners Classic Equity Fund [(h)] (Note 21)	67	70
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund [(d)] (Note 21)	319,014*	357,123*
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund [(f) & (h)] (Note 21)	75,095	103,380
Value Partners Ireland Fund ICAV – Asian Food and Nutrition Fund [(d)] (Note 21)	105,684	–
Value Partners Multi-Asset Fund [(c)]	29,364	32,654*
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership (Note 21)	2,867	2,863
VP-DJ Shariah China A-Shares 100 ETF	–	13,817

38 Related-Party Transactions (continued)

38.3 Investments in investment funds which are managed/advised by the Group (continued)

	Fair value	
	2023 HK$'000	2022 HK$'000
Shenzhen Capital Value Partners Greater Bay Area Opportunity Limited Partnership Fund	8,489	–
惠理中國新時代優選1號私募投資基金	1,131	1,384
惠理中國金鈺1號私募投資基金	10*	400*
外貿信託－惠理滬港深6號	854	904
交銀國信·匯利202號集合資金信託計劃	985	1,127
惠理中國豐泰1號私募投資基金	1,389	1,579
惠理中國中睿滬港深1號私募證券投資基金	988	1,293
惠理中國安欣價值滬港深1期私募證券投資基金	1,029	1,250
惠理景篤私募證券投資基金	45*	26*
外貿信託－惠理滬港深證券投資集合資金信託計劃	821	882
外貿信託－惠理滬港深焦點證券投資集合資金信託計劃	1,911	–
惠理中國豐泰3號私募證券投資基金	810	926
惠理中國嘉享1號私募證券投資基金	854	1,094
華安財保資管安源33號資產管理產品	4,598	5,580
長城財富朱雀長惠1號資產管理產品	4,981	–
Total investments	2,377,917	2,339,946

* 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 V 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.

39 Balance Sheet and Reserve Movement of the Company

Balance Sheet of the Company

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Investments in subsidiaries		2,369,674	1,395,661
Amounts due from subsidiaries		651,026	1,277,110
		3,020,700	2,672,771
Current assets			
Prepayments and other receivables		985	291
Cash and cash equivalents		1,118,898	3,267
		1,119,883	3,558
Current liabilities			
Other payables and accrued expenses		3,924	855
Dividend payable		913,355	–
		917,279	855
Net current assets		202,604	2,703
Non-current liabilities			
Amounts due to subsidiaries		737,902	59,845
Net assets		2,485,402	2,615,629
Equity			
Issued equity		2,193,645	2,193,645
Other reserves	(a)	89,775	77,757
Retained earnings	(a)	201,982	344,227
Total equity		2,485,402	2,615,629

On behalf of the Board

SO Chun Ki Louis
Director

HO Man Kei, Norman
Director

39 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 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 29)	(1,642)	–	1,642
Loss for the year	–	–	(105,485)
Dividends	–	–	(147,631)
As at 31 December 2022	77,517	240	344,227
As at 1 January 2023	77,517	240	344,227
Share-based compensation	12,018	–	–
Profit for the year	–	–	833,218
Dividends	–	–	(975,463)
As at 31 December 2023	89,535	240	201,982

40 Benefits and Interests of Directors

40.1 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 2023						
Executive directors						
Dato' Seri CHEAH, Cheng Hye	–	5,023	–	1,899	–	6,922
Mr. SO, Chun Ki Louis	–	4,933	–	3,190	18	8,141
Ms. HUNG, Yeuk Yan Renee	–	2,763	–	1,843	18	4,624
Mr. HO Man Kei, Norman	–	2,763	–	2,568	18	5,349
Ms. WONG Wai Man June	–	3,538	–	2,116	18	5,672
Independent non-executive directors						
Dr. CHEN, Shih Ta Michael	373	–	–	44	–	417
Mr. Nobuo OYAMA	373	–	–	44	–	417
Mr. WONG Poh Weng	373	–	–	44	–	417
	1,119	19,020	–	11,748	72	31,959
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

(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 2023 (2022: Nil). No directors waived or agreed to waive any emoluments for the year ended 31 December 2023 (2022: Nil).

40.2 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.

41 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 was 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 23 for details.

Particulars of subsidiaries

As at 31 December 2023, 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	Dormant	HK$1
Complete Value Investing Company Limited	Hong Kong	Property holding	HK$10,000
Gold One Industries Limited	British Virgin Islands	Investment holding	US$1
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	HK$1
Prosperous Decade Sdn. Bhd.	Malaysia	Investment holding	RM1
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management	HK$207,314,734
Sensible Asset Management Limited	British Virgin Islands/ Hong Kong	Investment management	US$200,000
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 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 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 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

Name	Place of incorporation/ place of operation	Principal activities	Issued share capital
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 RMB80,000,000 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）