

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

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

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

FINAL RESULTS

The Board of Directors (the “Board”) of Value Partners Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Income			
Fee income	2	584,543	1,281,649
Distribution fee expenses		(252,590)	(526,235)
Net fee income		331,953	755,414
Other income		76,741	125,555
Total net income		408,694	880,969
Expenses			
Compensation and benefit expenses	3	(330,088)	(389,543)
Operating lease rentals		(6,978)	(8,008)
Depreciation of right-of-use assets – properties		(20,483)	(23,748)
Other expenses	4	(119,776)	(99,374)
Total expenses		(477,325)	(520,673)
Operating (loss)/profit (before other gains/losses)		(68,631)	360,296
Net (losses)/gains on investments		(336,769)	112,644
Fair value gain of an investment property		19,085	18,460
Net foreign exchange losses		(123,422)	(20,068)
Others		3	–
Other (losses)/gains – net	5	(441,103)	111,036
Operating (loss)/profit (after other gains/losses)		(509,734)	471,332
Finance costs		(5,293)	(3,968)
Share of (losses)/gains of joint ventures	11	(25,329)	40,530
(Loss)/profit before tax		(540,356)	507,894
Tax expense	6	(3,959)	(50,081)
(Loss)/profit for the year attributable to owners of the Company		(544,315)	457,813
Other comprehensive (loss)/income for the year – Items that have been reclassified or may be subsequently reclassified to profit or loss			
Foreign exchange translation	7	(41,034)	12,836
Other comprehensive (loss)/income for the year	7	(41,034)	12,836
Total comprehensive (loss)/income for the year attributable to owners of the Company		(585,349)	470,649
(Loss)/earnings per share attributable to owners of the Company (HK cents per share)			
Basic (loss)/earnings per share	8	(29.6)	24.7
Diluted (loss)/earnings per share	8	(29.6)	24.6

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		167,848	192,106
Right-of-use assets		29,500	46,292
Investment property	10	197,608	190,572
Intangible assets		15,689	14,930
Investments in joint ventures	11	545,758	424,039
Deferred tax assets		3,090	1,538
Investments	12	1,743,189	2,820,414
Other assets		9,491	8,838
		2,712,173	3,698,729
Current assets			
Investments	12	179,371	25,601
Fees receivable	13	67,131	190,060
Tax receivable		100,033	59,936
Prepayments and other receivables		22,688	30,079
Cash and cash equivalents	14	1,666,461	1,665,937
		2,035,684	1,971,613
Current liabilities			
Accrued bonus		44,751	129,192
Distribution fee expenses payable	15	50,793	92,020
Other payables and accrued expenses		43,900	44,926
Lease liabilities		19,522	19,771
Borrowing	16	76,054	–
		235,020	285,909
Net current assets		1,800,664	1,685,704
Non-current liabilities			
Accrued bonus		8,977	11,166
Borrowing	16	–	82,634
Lease liabilities		9,661	25,878
		18,638	119,678
Net Assets		4,494,199	5,264,755
Equity			
Equity attributable to owners of the Company			
Issued equity	17	1,326,832	1,385,078
Other reserves		61,124	83,130
Retained earnings		3,106,243	3,796,547
Total equity		4,494,199	5,264,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

New and amended standards adopted by the Group

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

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

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

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

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

2. REVENUE

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

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

3. COMPENSATION AND BENEFIT EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries, wages and other benefits	247,922	246,010
Management bonus	51,837	108,081
Share-based compensation	20,670	28,819
Pension costs	9,659	6,633
	<hr/>	<hr/>
Total compensation and benefit expenses	330,088	389,543
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER EXPENSES

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

5. OTHER (LOSSES)/GAINS – NET

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

6. TAX EXPENSE

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

6. TAX EXPENSE (CONTINUED)

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

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

7. OTHER COMPREHENSIVE (LOSS)/INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
Foreign exchange translation	<u>(41,034)</u>	12,836
Total other comprehensive (loss)/income	<u>(41,034)</u>	<u>12,836</u>

8. (LOSS)/EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the loss for the year attributable to owners of the Company of HK\$544,315,000 (2021: profit of HK\$457,813,000).

The basic loss/earnings per share is based on the weighted average number of ordinary shares in issue during the year of 1,839,209,000 (2021: 1,853,188,000). The diluted loss/earnings per share is calculated by the adjusted weighted average number of ordinary shares in outstanding during the year of 1,839,209,000 (2021: 1,861,531,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed final dividend of 3.4 HK cents (2021: 8.0 HK cents) per ordinary share	<u>62,108</u>	147,999
Total dividends	<u>62,108</u>	<u>147,999</u>

For the year ended 31 December 2022, the directors recommended a final dividend of 3.4 HK cents per share. The estimated total final dividend is HK\$62,108,000. Such dividend is to be approved by shareholders at the Annual General Meeting of the Company on 28 April 2023 and has not been recognized as a liability at the balance sheet date.

For the year ended 31 December 2021, final dividend of HK\$147,999,000 was declared by the Company and HK\$147,631,000 was paid on 25 May 2022.

10. INVESTMENT PROPERTY

On 21 September 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand with a consideration of HK\$146,390,000. The fair value of the investment property was HK\$197,608,000 at 31 December 2022 (31 December 2021: HK\$190,572,000).

11. INVESTMENTS IN JOINT VENTURES

As at 31 December 2022, “investments in joint ventures” on the consolidated balance sheet, amounting to HK\$545,758,000 (2021: HK\$424,039,000), represents the Group’s 50% equity interest in Value Investing Group Company Limited (“Value Investing”), Clear Miles Hong Kong Limited (“Clear Miles HK”), VP-ZACD Holdings Pte. Ltd., and 15% of the interest in AM 310 Ann Street Investor Unit Trust (“AM 310”). Value Investing has the trust beneficiary interests in four logistics centers in Japan (31 December 2021: three); AM 310 and Clear Miles HK hold two Australian commercial property projects (31 December 2021: one).

As at 31 December 2022, Clear Miles Hong Kong Limited has a 50% beneficial interest in AM Kent Street Investor Trust which owns an Australian commercial project consisting of two office buildings (31 December 2021: Nil), with a total investment amount of Australian dollar (“AUD”) 110.0 million (equivalent to HK\$616.9 million) through the committed subscription of 110,000,000 units in AM Kent Street Investor Trust. During the year ended 31 December 2022, Clear Miles Hong Kong Limited invested in two office buildings of AUD99.0 million (equivalent to HK\$548.0 million) in which the Group’s portion amounted to AUD49.5 million (equivalent to HK\$279.7 million) (2021: AUD11.0 million (equivalent to HK\$61.9 million) in which the Group’s portion amounted to AUD5.5 million (equivalent to HK\$30.9 million)).

12. INVESTMENTS

Investments include the following:

	Financial assets at fair value through profit or loss	
	2022	2021
	HK\$'000	HK\$'000
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	4,668	7,780
Debt investment – Hong Kong	171,000	–
Investment funds – Hong Kong	495,510	425,212
Investment funds – Malaysia	13,817	20,859
	<hr/>	<hr/>
Market value of listed securities	684,995	453,851
	<hr/>	<hr/>
Unlisted securities (by place of incorporation/establishment)		
Equity securities – Singapore	1,034	1,685
Investment funds – Cayman Islands	111,247	156,381
Investment funds – China	19,307	28,620
Investment funds – Hong Kong	322,083	586,829
Investment funds – Ireland	670,737	785,618
Investment funds – South Korea	35,543	46,346
Investment funds – United States	77,614	95,683
Loan note – Australia	–	691,002
	<hr/>	<hr/>
Fair value of unlisted securities	1,237,565	2,392,164
	<hr/>	<hr/>
Representing:		
Non-current	1,743,189	2,820,414
Current	179,371	25,601
	<hr/>	<hr/>
Total investments	1,922,560	2,846,015
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2022, HK\$851 million (31 December 2021: HK\$196 million) of investments in associates was classified as “non-current investments” in the consolidated balance sheet.

13. FEES RECEIVABLE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fees receivable that were past due but not impaired		
1 – 30 days	482	405
31 – 60 days	5,504	702
61 – 90 days	–	465
Over 90 days	849	4,634
	<u>6,835</u>	<u>6,206</u>
Fees receivable that were within credit period	<u>60,296</u>	<u>183,854</u>
Total fees receivable	<u>67,131</u>	<u>190,060</u>

14. CASH AND CASH EQUIVALENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cash at banks and in hand	282,223	304,663
Short-term bank deposits	1,378,285	1,360,687
Deposits with brokers	5,953	587
Total cash and cash equivalents	<u>1,666,461</u>	<u>1,665,937</u>

15. DISTRIBUTION FEE EXPENSES PAYABLE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	43,130	78,905
31 – 60 days	1,574	695
61 – 90 days	–	532
Over 90 days	6,089	11,888
Total distribution fee expenses payable	50,793	92,020

16. BORROWING

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Bank loan	76,054	–
Non-current		
Bank loan	–	82,634

The borrowing is secured by the investment property located in New Zealand.

The maturity of borrowing is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year	76,054	–
Between 1 and 5 years	–	82,634

17. ISSUED EQUITY

	Number of shares	Issued equity <i>HK\$'000</i>
As at 1 January 2022	1,849,982,831	1,385,078
Shares repurchase	(23,273,000)	(58,246)
As at 31 December 2022	1,826,709,831	1,326,832
As at 1 January 2021	1,855,082,831	1,407,105
Shares repurchase	(5,100,000)	(22,027)
As at 31 December 2021	1,849,982,831	1,385,078

The Company purchased a total of 23,273,000 shares on the Stock Exchange during the year ended 31 December 2022 (31 December 2021: 5,100,000 shares) and the aggregate consideration paid was HK\$58,246,000 (31 December 2021: HK\$22,027,000).

CHAIRMAN'S STATEMENT

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

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

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

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

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

Value investing

Value Partners' value-investing style, which we've practised consistently for decades, did not perform well in the panic selling that engulfed Chinese markets for much of 2022. Our flagship Value Partners Classic Fund¹ declined a net 28% during the year, compared to declines of 13% and 22%, respectively, in the Hang Seng and MSCI China indices². The good news is that since the market rebounded from late 2022, the Classic Fund's performance has recovered dramatically, with a net gain of 46% in the three months ended 31 January, 2023. Clearly, 2023 has started well.

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

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

Solid and durable

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

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

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

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

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

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

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

Appreciation

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

Dato' Seri Cheah Cheng Hye

Co-Chairman and Co-Chief Investment Officer

1. *Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022: -28.1%; 2023 (Year to date as at 28 February): +2.1%.*
2. *Bloomberg, 31 December 2022.*

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Financial highlights

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

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

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

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

Strengthening our marketing and sales channels

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

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

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

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

Capturing more opportunities in wealth management

The wealth management segment remains a key strategic area for growth in our business. It continues to be a fast-growing segment, with overall wealth management assets in Asia expected to increase to US\$15-19 trillion in 2025 from US\$10 trillion in 2019².

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

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

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

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

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

Increasing interest from global institutions

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

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

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

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

Growing commitment to the China market

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

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

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

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

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

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

Product buildout and highlights

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

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

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

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

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

In Southeast Asia, our pure A-shares Shariah ETF in Malaysia continued with its success as being among the top actively traded ETFs in 2022 by value and volume in the country³.

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

Our investment capabilities continued to gain recognition in the industry. In May, our High-Dividend Stocks Fund⁴ was awarded the best fund in the Asia ex-Japan Equity category by Asian Investor’s Asset Management Awards 2022. The fund also celebrated its 20th anniversary last year and has recorded gains of 808.0% as of the end of December 2022 since its inception in September 2002. In July, Value Partners was also selected as Asian Private Banker’s Best Fund Provider – Multi Asset Solution for 2022. More recently, in February 2023, Value Partners won two awards in Fund Selector Asia’s Fund Awards Singapore 2023. Our Value Partners China A-Share Select Fund received the Gold award in the Greater China/China Equity category, while our Value Partners Asian Innovation Opportunities Fund received the Gold award in the Mixed Asset category.

As we embark on our fourth decade of growth, we will continue to roll out several initiatives to expand our product suite. In fact, we recently received approval in February 2023 from Hong Kong’s Securities and Futures Commission (“SFC”) to launch the Asian Food and Nutrition Fund⁵, which is part of our ESG buildout as we continue to enhance our ESG capabilities.

ESG: more developments underway

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

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

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

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

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

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

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

Business outlook: Asia a bright spot in 2023

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

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

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

Appreciation

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

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

FINANCIAL REVIEW

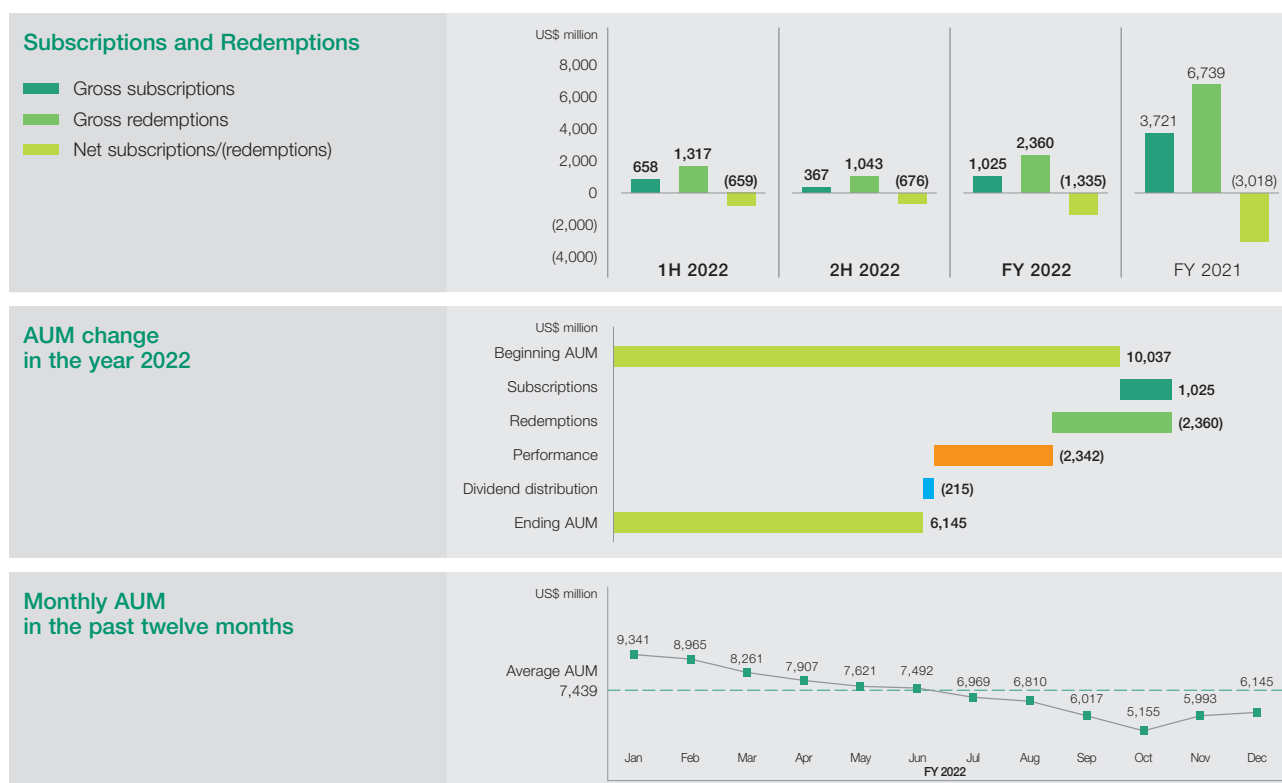
Assets Under Management (“AUM”)

AUM and return

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

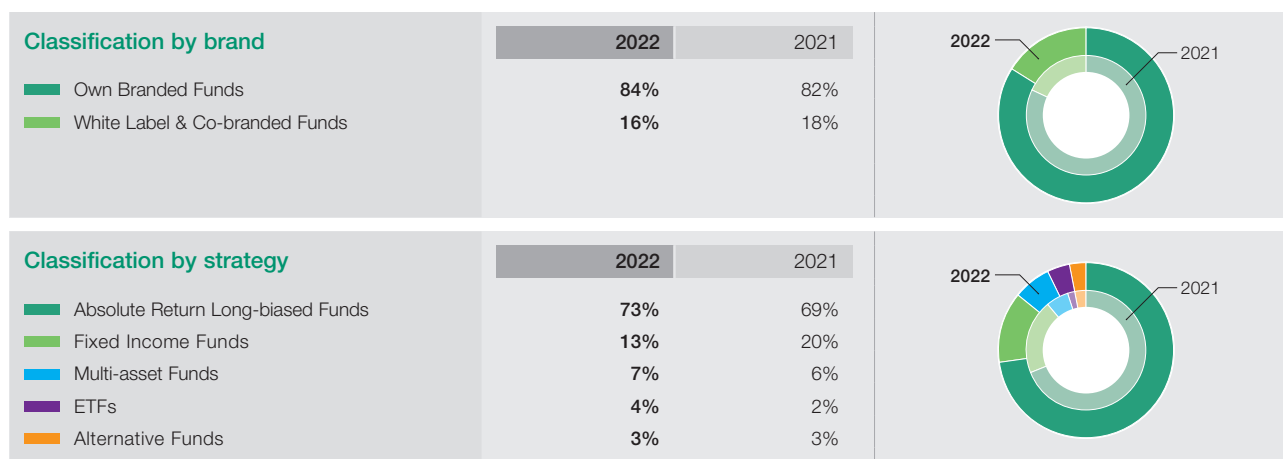
Overall fund performance¹, calculated as the asset-weighted average return of funds under management, was a decline of 23.1% in 2022. Among our funds, the Value Partners High-Dividend Stocks Fund² and the Value Partners Classic Fund³ fell 18.9% and 28.1%, respectively, during the year.

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



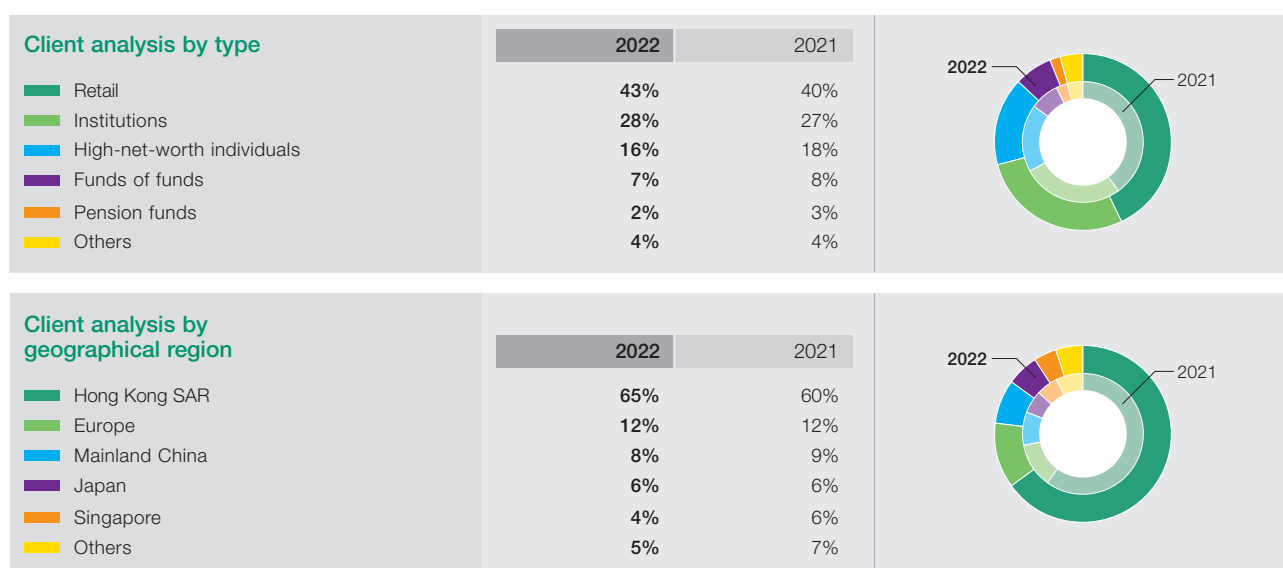
AUM by category

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



Client base

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

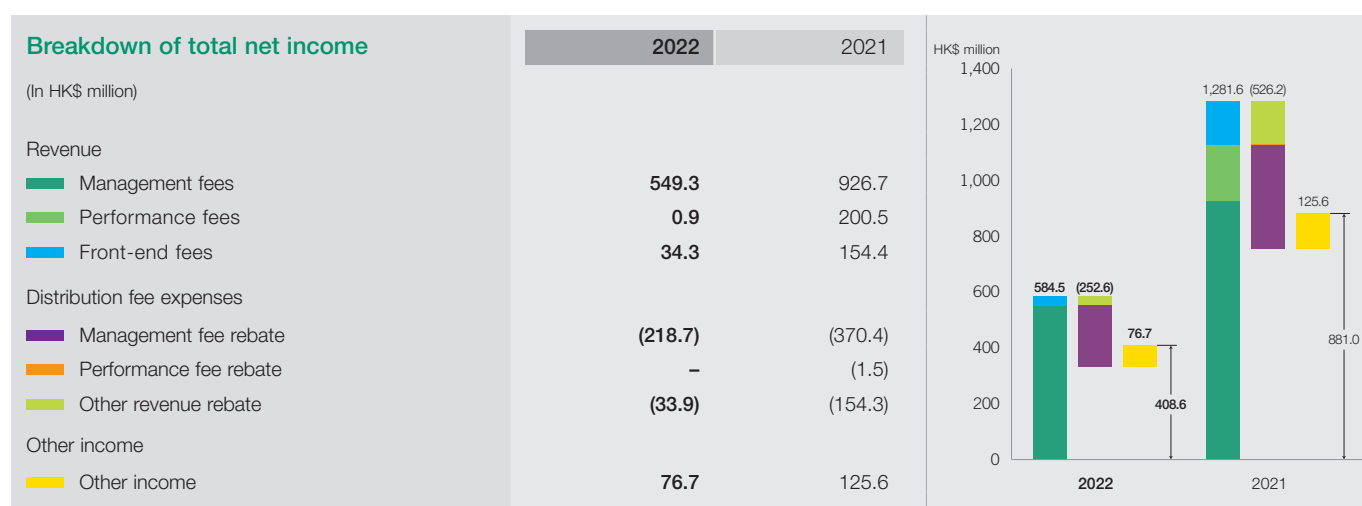


Summary of results

Key financial highlights for the reporting period are as follows:

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

Revenue and fee margin



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

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

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

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

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

Other gains or losses

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

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

Investments in joint ventures

In 2017, the Group set up the Value Partners Asia Pacific Real Estate Limited Partnership⁴ (the “Real Estate Partnership”) to engage in real estate private equity business. As at 31 December 2022, the Real Estate Partnership held four logistic centers located in Japan and two commercial property projects located in Australia through three joint ventures in which the Group had 50%, 50% and 15% equity interest, respectively (As at 31 December 2021, the Real Estate Partnership held three logistic centers located in Japan and one commercial property project located in Australia through two joint ventures in which the Group had 50% and 50% equity interest, respectively). The Group’s share of losses amounted to HK\$25.3 million (2021: a gain of HK\$40.5 million), which consisted of property revaluation losses totaled HK\$35.9 million due to the impact of the property acquisition cost (2021: a gain of HK\$30.2 million), rental income less outgoings of HK\$33.4 million (2021: HK\$22.2 million) and foreign exchange losses of HK\$22.8 million (2021: HK\$11.9 million).

Significant investments

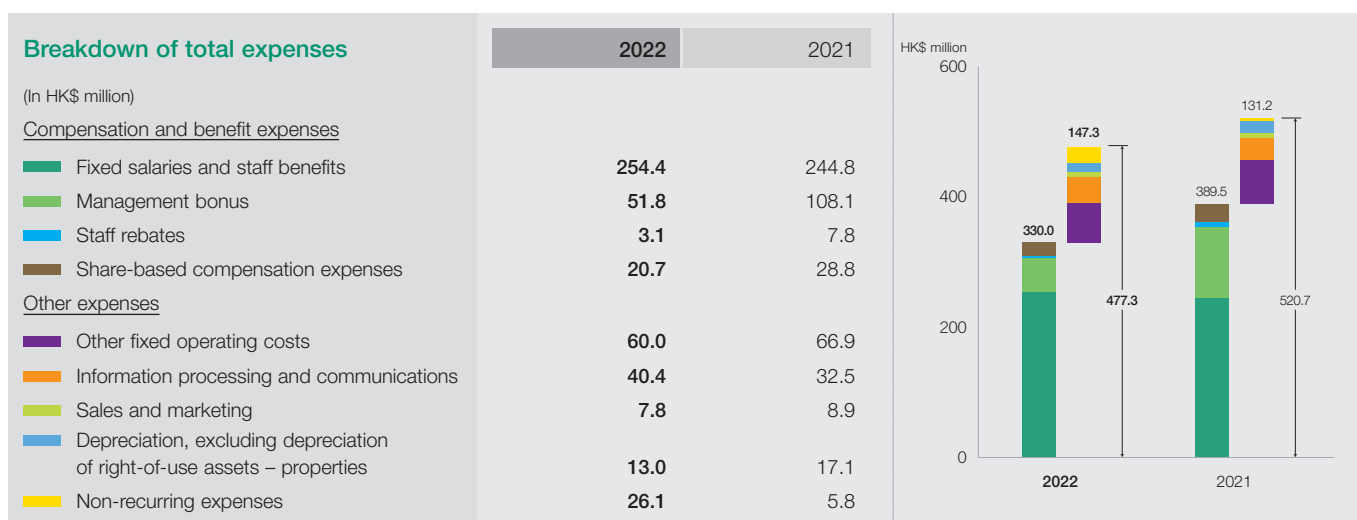
As at 31 December 2022, the Group held 12,621,960 units (31 December 2021: 12,621,914 units) or 27.8% (31 December 2021: 25.9%) in Value Gold ETF, which is a fund listed on the Stock Exchange of Hong Kong Limited aiming to provide investment results that closely correspond to the performance of the London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

As at 31 December 2022, the Group held 4,970,998 units (31 December 2021: 4,982,102 units) in Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund⁴ (“ICAV – GCHY Bond Fund”) which represents 16.3% (31 December 2021: 7.5%) of the net asset value of Value Partners Ireland Fund ICAV. ICAV – GCHY Bond Fund primarily invests in a portfolio of fixed and floating rate bonds and other debt securities in the Greater China region. The investments, representing 7.5% (31 December 2021: 6.9%) of the Group's total assets with a fair value of HK\$357.1 million (31 December 2021: HK\$391.7 million) and a cost of HK\$400.6 million (31 December 2021: HK\$401.4 million), are primarily as seed capital investment and also for investment returns. For the year ended 31 December 2022, the Group received dividends amounted to HK\$0.6 million (2021: HK\$0.6 million) and recorded a net unrealized investment loss amounted to HK\$33.8 million (2021: HK\$46.0 million) with respect to such investments.

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

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

Cost management



Compensation and benefit expenses

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

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

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

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

Other expenses

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

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

Dividends

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

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

Liquidity and financial resources

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

Capital structure

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

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

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

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS HONG KONG

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers Hong Kong ("PwC"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

HUMAN RESOURCES

As at 31 December 2022, the Group employed 145 staff (2021: 179) in Hong Kong SAR, 38 staff (2021: 41) in Shanghai, 4 staff (2021: 3) in Shenzhen, 7 staff (2021: 4) in Singapore, 2 staff (2021: 2) in London and 6 staff (2021: 7) in Malaysia. Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with the Group's emphasis on recognition for performance and human capital retention, the Group rewards its employees with year-end discretionary bonus which is linked to the Group's level of profits for that financial year.

DIVIDEND

No interim dividend was paid during the year. The Board is pleased to recommend the distribution of a final dividend of 3.4 HK cents per share for the year ended 31 December 2022. Subject to the approval of shareholders of the Company at the Annual General Meeting ("AGM") for the year 2023, the final dividend will be payable on or about 25 May 2023 to shareholders whose names appear on the Registers of Members of the Company at close of business on 9 May 2023. Dividend per share is declared based on the Group's realized profit which excluded the unrealized gains and losses recognized, the Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Friday, 28 April 2023. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

1. AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Tuesday, 25 April 2023 to Friday, 28 April 2023 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 24 April 2023.

2. Proposed Final Dividend

The proposed final dividend is subject to the passing of an ordinary resolution by shareholders at the AGM. The record date for entitlement to the proposed final dividend is Tuesday, 9 May 2023. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 5 May 2023 to Tuesday, 9 May 2023, both days inclusive, during which period no transfer of shares will be effected. The ex-dividend date will be Wednesday, 3 May 2023. In order to qualify for the proposed final dividend mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the above mentioned address not later than 4:30 p.m. on Thursday, 4 May 2023.

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

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

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

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

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

AUDIT COMMITTEE

In compliance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the Directors' opinion, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules throughout the year of 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2022.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

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

OUR APPRECIATION

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

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

Hong Kong, 16 March 2023

As of the date of this Announcement, our Directors are Dato' Seri Cheah Cheng Hye, Mr. So Chun Ki Louis, Ms. Hung Yeuk Yan Renee, Mr. Ho Man Kei, Norman and Ms. Wong Wai Man June as Executive Directors and Dr. Chen Shih Ta Michael, Mr. Nobuo Oyama and Mr. Wong Poh Weng as Independent Non-executive Directors.