惠 理 集 團
Value Partners Group

Pioneer in value investing since 1993

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

2021 ANNUAL REPORT

Value Partners Group Limited
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 806

Corporate profile

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

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

Contents

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

Corporate information

Board of Directors

Co-Chairmen and Co-Chief Investment Officers

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

Executive Directors

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

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. WONG York Ying, Ella *(Chairperson)*
Mr. CHENG Tsz Chung
Mr. HO Man Kei, Norman
Ms. LAM Mei Kuen, Winnie
Ms. LEE Vivienne
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
Level 54, Hopewell Centre
183 Queen's Road East
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

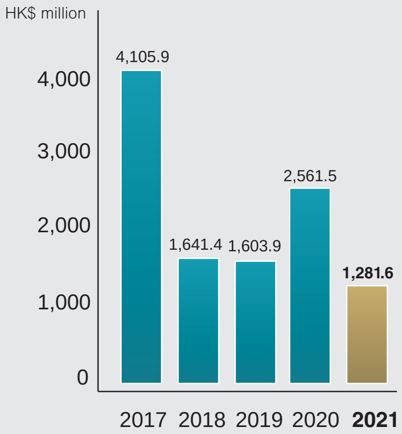
www.valuepartners-group.com

Stock Code

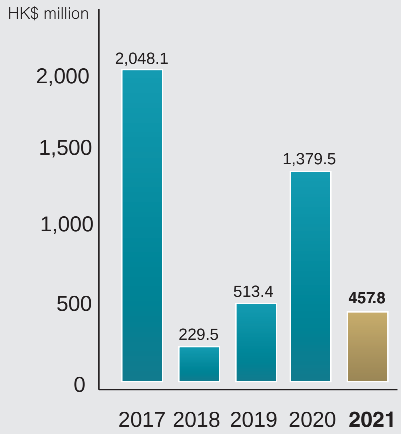
Stock Exchange of Hong Kong: 806

Financial highlights

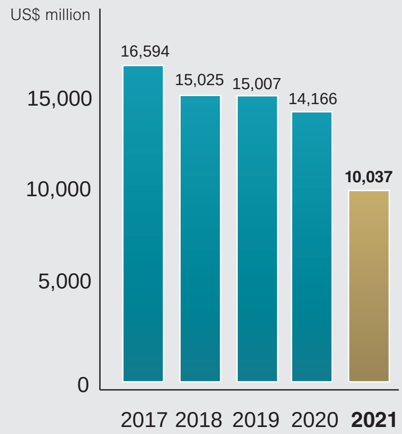
Revenue



Profit attributable to owners of the Company



Assets under management



(In HK$ million)	Results for the year ended 31 December					
	2021	2020	% Change	2019	2018	2017
Revenue	**1,281.6**	2,561.5	-50%	1,603.9	1,641.4	4,105.9
Operating profit (before other gains/losses)	**360.3**	1,308.5	-72%	343.7	399.9	2,207.3
Profit attributable to owners of the Company	**457.8**	1,379.5	-67%	513.4	229.5	2,048.1
Earnings per share (HK cents)						
– Basic	**24.7**	74.4	-67%	27.7	12.4	110.6
– Diluted	**24.6**	74.4	-67%	27.7	12.4	110.5

(In HK$ million)	Assets and liabilities as at 31 December					
	2021	2020	% Change	2019	2018	2017
Total assets	**5,670.3**	6,298.8	-10%	4,912.7	4,395.9	6,878.0
Less: Total liabilities	**405.5**	880.8	-54%	523.3	417.4	1,238.0
Total net assets	**5,264.8**	5,418.0	-3%	4,389.4	3,978.5	5,640.0

(In US$ million)	Assets under management ("AUM") as at 31 December					
	2021	2020	% Change	2019	2018	2017
AUM	**10,037**	14,166	-29%	15,007	15,025	16,594

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

Major recognitions

The following is a selection of the awards we have received in 2021.

Our Co-Chairman and Co-Chief Investment Officer, Dato' Seri CHEAH Cheng Hye, was recognized as one of the Top 25 Leaders over the past 25 years in Asset Management by *Asia Asset Management*. *Asia Asset Management* profiled 25 corporate leaders, investors, entrepreneurs, industry pioneers, female leaders, as well as pension leaders.

Value Partners Group received four heavyweight titles in three prestigious and widely recognized award events. Our Group also received the highest honors from business partners and consulting firms.

Listed Company Awards of Excellence 2021 (Main Board)

Hong Kong Economic Journal

Best ESG (Governance)

Best Annual Report

Hong Kong Investor Relations Association, HKIRA 7th Investor Relations Awards 2021

Best Financial Stock 2020

Zhitong Caijin, The 5th Golden Hong Kong Stock Award

Value Partners is awarded Best Customer Experience Award

Futu Money Plus Awards 2021

2020 IAMAC Outstanding Overseas Trustee of China's Insurance Asset Management

Insurance Asset Management Association of China

Value Partners Shanghai received four major awards and recognitions from government-backed media and leading institutions and publications. These are votes of confidence from our clients, business partners and the peers.

Ying Hua China Private Fund Company Awards 2021

China Fund Association

Fast Growing Private Fund Award

Securities Times and Changjian Securities, 2020 Golden Changjiang

Top 10 WFOE Houses
HOWBUY (All cap) Wealth - 2020 Best Private Equity Funds in China

Z-Ben Advisors, 2021 China Rankings

China: Best WFOE House
Asia Asset Management, 2021 Best of the Best Awards

The Value Partners Asian Income Fund has gathered popularity over the past few years as investors look for more multi-asset solutions focusing on Asia markets. In 2021, the strategy was highly recognized by the industry. The recognitions reflect our investment team's dedication and outstanding performance in delivering best-in-class solutions. (Launch: November 2019)

Value Partners is named as the "Best Fund Provider for Multi-asset Solution"
Asian Private Banker Asset Management Awards for Excellence 2022

Top Fund - Asia Allocation (Hong Kong & Singapore) (Best-in-class)
Benchmark Fund of the Year Awards 2021

Value Partners Classic Fund, our flagship equity product, received a key fund award at the 5th Overseas Golden Bull Fund Awards. The Classic Fund, which is available in mainland China under the Mainland-Hong Kong MRF scheme, is distributed through the Fund's master agent. (Launch: April 1993)

Golden Bull Overseas China Equity Fund (One Year)
China Securities Journal

The Value Partners Asian Total Return Bond Fund employs a total return strategy to fully capture the growth potential of Asian bonds.
(Launch: April 2018)

Top Fund - Asia Fixed Income (Hong Kong & Singapore) (Best-in-class)
Benchmark Fund of the Year Awards 2021

The Value Partners Health Care Fund is an All-China strategy that adopts a flexible approach to covering Hong Kong stocks, China's A-shares and U.S.-listed Chinese companies.
(Launch: April 2015)

House Awards - Healthcare Sector Equity (Best-in-class)
Benchmark Fund of the Year Awards 2021

Thought leadership and public speeches

In May 2021, **our Co-Chairman and Co-Chief Investment Officer Dato' Seri CHEAH Cheng Hye** delivered a keynote speech themed "Value investing: Making it fresh and effective" at the LBS Asset Management Conference 2021. The conference is an annual flagship event organized by the London Business School, which connects students from all over the world with investment professionals in the asset management industry.

Source: The Chinese University of Hong Kong

In March 2021, Dato' Seri CHEAH Cheng Hye gave a guest lecture at The Chinese University of Hong Kong on how value investing has evolved to adopt to the challenges and ever-changing needs of today's market.

On 15 December 2021, Hong Kong's Financial Services and the Treasury Bureau and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Municipality jointly held the "Hong Kong-Qianhai Financial Cooperation Seminar", hosting an in-depth discussion on the strategic direction of the future financial co-operation between Hong Kong and Qianhai. Value Partners Group is honored to be invited to speak at a panel.

Our President, Ms. June WONG, exchanged views on the Cross-boundary Wealth Management Connect ("WMC") Pilot Scheme with other senior leaders from the banking industry.

At the FT Live – Future of Asset Management Asia Summit 2021, Ms. June WONG joined a panel that focused on new business opportunities in China. Ms. WONG, together with three industry veterans, discussed how foreign asset managers can take advantage of China's fast-growing asset and wealth management market and what challenges to expect.

Highlights of the year

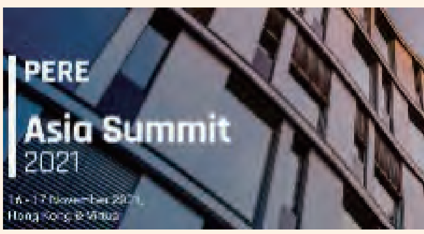
Dato' Seri CHEAH Cheng Hye spoke during the 6th Belt and Road Summit held in September 2021, organized by the Government of the Hong Kong Special Administrative Region and the Hong Kong Trade Development Council. His session is themed "Connecting the Belt and Road & Greater Bay Area through Hong Kong".

Source: Hong Kong Trade Development Council

Source: AsianInvestor

In March 2021, **Senior Fund Manager Mr. LUO Jing** was invited by *AsianInvestor* to speak at its webinar entitled "The unique challenges of modelling equity risk in China". **Mr. LUO** discussed how fund managers and institutional investors manage market risks and returns in China's equity market.

At the PERE Asia Summit 2021, **Our Head of Real Estate Private Equity Ms. Rachel TONG** joined a panel discussing the trends shaping markets and Asian investors' allocation strategies across the region. The PERE Asia Summit 2021, one of the leading regional private real estate investment conferences, aims to connect the sector's most influential global community of institutional investors, fund and asset managers, and strategic partners.



PERE Asia Summit 2021

Source: the organizer

NextChina 2021 Conference

Dato' Seri CHEAH Cheng Hye joined a range of leading China-focused executives and thought leaders at the Next China 2021 Conference in November 2021, where they shared insights about how to navigate the business and geopolitical complications of the coming decade. In a keynote speech, **Dato' Seri CHEAH** shared his views on what Common Prosperity means and its longer-term implications to China.

Ms. Durraini BAHARUDDIN, Managing Director of our South East Asia Business, spoke at the Bloomberg APAC Buy-side Forum 2021 in October 2021. She shared her insights on new investment opportunities in Emerging Markets.

Source: Bloomberg

Source: The organizer

Our Senior Fund Manager and Head of ESG Investment, Mr. Frank TSUI, spoke at The Greater Bay Area Chief Economist Forum 2021 on 25 July 2021, where he shared his insights on ESG trends in Asia. The forum is co-sponsored by the Shenzhen Institute of Advanced Finance and the School of Economics and Management of The Chinese University of Hong Kong (Shenzhen). Nineteen well-known chief economists, regulators and scholars attended the event as speakers.

Our Senior Director of Operations, Mr Kuan Yu OH, participated in an insightful panel discussion during the Investor Relations Annual Symposium, where he shared practical tips on creating an ESG culture from a corporate perspective. The forum, organized by the Hong Kong Investor Relations Association, had a wide range of participants representing various segments, including asset managers, financials, utilities and real estate companies.

During the year, we published Value Partners' investment outlook reports and insight articles, to express our investment views. We shared with our investors the key opportunities and risks in Asia-Pacific's equities and fixed income markets, as well as major investment themes that we look at, which should help investors navigate through the uncertainties and volatility in markets.

In September 2021, Mr. Frank TSUI and the Chairman of Oxford Metrica, Dr. Rory Kight, discussed the investment opportunities and risks in China in a webinar organized by both companies. Both shared their findings of our third annual whitepaper, "Investing in China: Taming the Dragon".

Major marketing campaigns

Value Partners is one of the leading independent asset managers with a proven track record of client success in the Asia and China markets. In 2021, we strategically rolled out integrated advertising campaigns to promote various strategies. We also held a series of investment webinars to share investment views and strategies with our investors and fund distributors. Major campaigns are highlighted as follows:

The Value Partners Classic Fund is the Group's flagship equity product. It aims to generate excess returns throughout different market cycles and has consistently outperformed peer funds over the long run.

The Value Partners High-Dividend Stocks Fund has a track record of nearly 20 years. The Fund focuses on companies in Asia with healthy financial, strong earnings growth, and stable cash flows, which can then be translated into dividend and growth potential.

The Value Partners Asian Income Fund is a relatively low-risk product that aims for investors to capture growth potential and attractive yield opportunities in Asian assets. The Fund applies a dynamic asset allocation approach, and it has delivered an excellent track record and performance since its inception in November 2017.

The Value Partners Health Care Fund is one of the Group's thematic products that aims to capture fast-growing opportunities in China's healthcare sector. It is an "All-China" strategy, adopting a flexible approach in covering Hong Kong stocks, China's A-shares and U.S.-listed Chinese companies. The Fund was launched in April 2015.

The Value Gold fund is the market's only gold fund backed by physical gold stored in Hong Kong. The fund tracks the LBMA gold price, and its unlisted class, with HK dollar and US dollar share classes, provides convenience for investors holding various currencies.

Value Partners Malaysia launched a Shariah-compliant China A-Shares 100 ETF on 12 July 2021. The ETF is the world's first-ever A-share ETF that tracks the performance of the Dow Jones Islamic Market China A-Shares 100 Index.

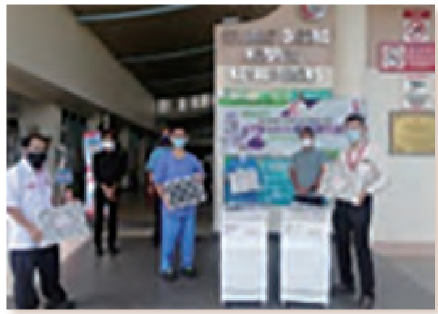
CSR activities

Dato' Seri CHEAH Cheng Hye created the Cheah Cheng Hye Scholarships few years ago. Granted annually, it assists students with their college expenses in Xiamen, a city in the Fujian province of China. The Cheah Kongsi (clansmen association) in Xiamen, which has long maintained a relationship with the Cheah Kongsi in Penang, is responsible for administering the scholarship programme, which is for the children of Kongsi members. In 2021, the scholarship was granted to 13 outstanding students and the awarding ceremony was held at the Ancestral Hall. The construction of the building was partly sponsored by Dato' Seri CHEAH as well.

Donation to Hospital Kepala Batas for fighting Covid-19

Value Partners Malaysia contributed two units of portable ultraviolet air purifier with filters, designed for medical clinics to filter and purify harmful pollutants and biological contaminants, as well as helps protect immune-compromised patients.

Hospital Kepala Batas is the Government Hospital in Penang (situated at the northwestern coastline of Peninsular Malaysia), with 108 beds.



Donation to Taiwan Buddhist Tzu Chi Foundation Malaysia

Value Partners Malaysia contributed to the Foundation's Solidarity Covid-19 Fund, which covered 56 medical institutions, 50,421 provisions to households, 32 incubators and other medical equipment. Tzu Chi was established in 1966 in Hualien and has provided aid to 97 countries/regions, alleviating the suffering of people in need regardless of race, nationality or religion.

Heep Hong Society Flag Day 2021

Value Partners colleagues participated in the flag day on 11 December. All funds raised from the Flag Day will be allocated to sustain the operations of the non government-subvented Parents Resource Centres. These Centres provide comprehensive training and supportive services to families of children with special educational needs, and ease parents' pressure of taking care of their children.

Step Counter Challenge

This competition pitted colleagues against each other in a leaderboard format that calculated and tracked the number of steps each colleague takes daily. The event lasted for six weeks, with the top 10 placed colleagues receiving a prize at the end. Our Co-Chairman and Co-Chief Investment Officer Mr. Louis SO presented the prizes to our colleagues.

Badminton Nights - activity during the 4th quarter

Badminton games allowed our colleagues to get active and enjoy the evening.

HKUST Young Fellowship Program

The Young Fellowship Program, started by Dato' Seri CHEAH in collaborating with The Hong Kong University of Science and Technology (HKUST), gives the opportunity to undergraduates of Year 3 or Year 4 who are studying Finance, Quantitative Finance, Economics, or any Business and Finance related disciplines, or Year 4 or Year 5 undergraduate students with a Dual Degree Program, to gain real world experience working in Value Partners for a semester. During the year, we recruited four interns through this program, who worked alongside our Fixed Income, Quantitative Investment Solutions and Institutional Sales colleagues.

HKSI Wealth and Asset Management Summer Internship Program

Partnering with Hong Kong Securities and Investment Institute (HKSI), the program aims to promote the wealth and asset management industry to students and graduates, helping them to better understand the full spectrum of functional posts and career prospects in the different sub-sectors of the industry. We had hired two interns through this program for the Marketing and Communications Department as well as the Product Development Department.

2021 Caring Company

Value Partners has been named a "Caring Company" in Hong Kong for the sixth consecutive year since 2016, recognizing the firm's commitment to the community, our employees and the environment.

2021 Happy Company

We have been awarded the 'Happy Company Logo 2021' in recognition of our Group's continuous commitment to building a happy workplace culture and enhancing the happiness at-work level of employees. This campaign was jointly organised by the Promoting Happiness Index Foundation and the Hong Kong Productivity Council.

Chairman's Statement

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

Value Partners faced a difficult 2021, with Chinese stocks falling the most since the global financial crisis of 2008. But we remained profitable, with HK$457.8 million in net profit for 2021 (basic earnings per share of 24.7 HK cents), which compares with 2020's HK$1.379 billion. And we remain a cash-rich, dividend-paying company, with a dividend of 8 HK cents proposed for 2021.

Reflecting the difficult market, our flagship Value Partners Classic Fund[1] (size: US$1.52 billion) declined 6.6% in 2021, after having recorded net gains of 38% and 32%, respectively, in 2020 and in 2019. Note, however, that the fund remains an out-performer; for comparison, the benchmark Hang Seng and MSCI China indices were down 12.3% and 21.7%, respectively, in 2021, while in 2020 and 2019, the two indices recorded gains of 0.2%/29.5%, and 13.6%/23.5%, respectively.

(Since inception in 1993, Value Partners Classic Fund[1] has returned a net 4,723%, compared to the Hang Seng Index's return of 548% over the same period; in 28 years of existence, the fund recorded a profit in 20 of the years and a loss in 8 of the years (the fund's returns are expressed in terms of its US$ "A" units)).

While a majority of Value Partners' products are invested in equities, we also have some funds dedicated to fixed income, particularly high-yield U.S. dollar offshore bonds issued by Chinese property developers. These were very profitable for many years, but last year the bonds plunged following a regulatory crackdown on the property sector. The entire Chinese high-yield bond market suffered badly, including our Greater China High Yield Income Fund, which saw major redemptions.

This helps to explain a drop in our assets under management to US$10 billion at the end of 2021, from US$14.2 billion a year earlier. Fortunately, by year end, the high-yield market had regained a degree of stability, with the government relaxing some of its rules, but it may take time for investor confidence to recover.

Overall vision

With hindsight, it is not surprising that the Beijing government chose 2021 to tighten regulations. China was in a sweet spot, with the pandemic under control, and enjoying an export boom as the "factory of the world." In 2021, growth at 8.1% meant that the Chinese economy grew by an amount equal to the entire gross domestic product of a major country like Italy or Canada. What better time to push forward with reforms, even at the expense of a setback in stock and bond markets?

As is now well known, in pursuit of its "Common Prosperity" plan, Beijing cracked down on property, internet e-commerce platforms and after-school tutoring, sending a chill through financial markets. We think it's a case of short-term pain for long-term gain. Beijing has an overall vision for Chinese society to be fairer, with more sustainable growth, and an opportunity came along in 2021 to escalate efforts against monopolistic practices and a blind pursuit of profits in the business sector.

For 2022, the good news for investors is that "peak regulation" is over and done with, with Beijing now putting its emphasis on stability, with a target to grow the economy by 5.5% or more this year. Compared with some other areas of the world, China is well-positioned. The government and central bank maintained strict financial and social discipline throughout the pandemic, leaving China with significant room to relax policies to maintain a dynamic economy. By contrast, many other parts of the world are in a different cycle, facing social instability, rising inflation and a necessity for higher interest rates, while confronted with financial bubbles formed as a result of excessive money-printing.

We believe an increasing number of global investors are looking to diversify risk by putting more money into China-related stocks and bonds. At the same time, within China, investment in stocks and other capital market products is being encouraged. The property sector, where bubbles formed in recent years as a result of over-investment, remains out of favour. President Xi Jinping personally announced the launch of a third stock exchange, in Beijing, in 2021, signalling high-level support for markets.

Large-scale military conflict in the Ukraine, which broke out at the time of writing in February 2022, could strengthen China's status as a safe haven for investors (as indicated by the strength of the renminbi).

With only about 10% of Chinese savings currently invested in equities, there is plenty of room for growth and a new trend of buying stocks through mutual funds. Thus, for the world's asset management industry, China is a particularly bright spot.

As a leader and pioneer in China investing, Value Partners is well positioned, with its own office in Shanghai established 12 years ago. Currently, we have 44 staff stationed on the Chinese mainland, out of 236 people employed by the Group. We are aware that Beijing likes the kind of investing that we do, as it seeks to encourage an institutional culture and investing based on fundamental research, pushing the market to become more efficient and rational. (For a more detailed discussion, please refer to the accompanying report entitled "Management Discussion and Analysis.")

The Group's new President

After a search lasting more than a year, Value Partners appointed a new President, Ms. June WONG Wai Man, in October, 2021. Ms. WONG takes responsibility for managing the Group's overall business, corporate strategy and operations. She also serves on the Board of Directors, as well as on the Group's Leadership Committee alongside the Group's Co-Chairmen.

Ms. WONG is a well-reputed veteran in asset management, with three decades of experience. Most recently, she was Asia ex-Japan CEO for State Street Global Advisors. Her previous postings include the Asia-Pacific offices of Columbia Threadneedle, AllianceBernstein and HSBC Asset Management.

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.

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

1. *The fund (A Units) was launched on 1 April 1993. Calendar returns of the fund (A Units) over the past five years: 2017: +44.9%; 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021: -6.6%. The Manager does not accept any application for A Units until further notice. New investors and existing unitholders who wish to top up may subscribe in C Units. Investors should note that figures for A Units may differ from C Units, due to differences in launch date of these classes. The fund (C Units) was launched on 15 October 2009. Calendar returns of the fund (C Units) over the past five years: 2017: +43.3%; 2018: -23.5%; 2019: +31.9%; 2020: +36.8%; 2021: -7.2%.*

Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Fund performance refers to A Units unless stated otherwise, in USD, NAV to NAV, with dividend reinvested and net of fees. Indices are for references only.

Management Discussion and Analysis

In 2021, Asia's financial markets had a challenging year, especially in China. Overall, investors were concerned about inflationary pressures caused by supply chain disruptions and moderating economic growth globally due to the continued impact from COVID-19. In China, investor sentiment was further exacerbated during the second half, driven by a series of regulatory changes targeted at various sectors and concerns over the property sector. The new regulations made investors worry about their impact on companies' long-term outlook, while the unfolding of property developers' credit events raised concerns about systemic risks within the sector.

Heading towards the fourth quarter, although concerns over regulatory risks and property have slightly eased, the market remained subdued with the appearance of the new Omicron variant, which dragged recovery expectations globally. In China, the MSCI China Index dove 21.7% in 2021[1], almost wiping out the nearly 30% gains in 2020. Meanwhile, the region as a whole was more mixed as there was a divergence in performances among countries and sectors, with the MSCI AC Asia ex Japan Index down 4.7% in 2021[1]. Given the sour market sentiment, the Group's funds' performances and corporate profitability suffered.

Despite the challenging year, Value Partners continued to make developments on the business front, including strengthening our senior management team and further growing our businesses in various markets. We expect 2022 continue to be volatile for the financial markets given the heightened geopolitical tensions. Nevertheless, we believe that in long run we are poised in capturing new opportunities with our efforts in improving our business and product suite.

Financial highlights

As of the end of December 2021, our assets under management ("AUM") stood at US$10.0 billion, compared with US$14.2 billion as of the end of 2020. We saw net outflows of US$3.0 billion in 2021, which led to a decrease in our gross management fees by 8.5% year-on-year to HK$926.7 million. The redemptions came largely from our Greater China High Yield Income Fund, which had net outflows of US$1.5 billion in 2021. Within the industry as a whole, we also saw other Asia-focused fixed income products in the market having sizable outflows, as Asian credits have gradually fallen out of favor as investors became more cautious about China's real estate market, particularly about the potential defaults of a few Chinese real estate developers.

Given the lackluster investing landscape, we saw a sharp fall in gross performance fees, as most of our funds finished the year below their high watermarks. In 2021, gross performance fees fell 86.3% year-on-year to HK$200.5 million.

On the cost front, the Group continues to strictly apply disciplined cost controls during the year. Total expenses, including fixed salaries and benefits, rental, investment research and other administrative and office expenses, were HK$520.7 million, down by 36.9% compared to 2020.

As a result of the sharp fall in gross performance fees, total revenue was squeezed. Operating profit (before other gains/losses) fell 72.5% to HK$360.3 million in 2021, while profit attributable to owners of the Company was down 66.8% to HK$457.8 million.

Fund performance highlights

Although the investment landscape was challenging in 2021, some of our funds continued to perform positively or fared better than the broader market.

For example, some of our funds continued to reach high watermarks during the year, including the High-Dividend Stocks Fund, the Taiwan Fund, the China A-Share Select Fund and an alternative credit strategy.

One of our multi-asset strategies, the Asian Income Fund, also yielded positively, returning 3.3%[2] for the full-year 2021. It was also one of the most popular products during the year, attracting the most net inflows given its low volatility feature. In 2021, the fund's AUM tripled to US$347 million from US$87.3 million at the end of 2020. The Fund has been highly recognized by the industry, with Value Partners named as the "Best Fund Provider for Multi-asset Solution" by the *Asian Private Banker*. The Fund also received *Benchmark's* Top Fund award for "Asia Allocation (Hong Kong and Singapore) (Best-in-class)".

Meanwhile, the flagship Classic Fund, while recording losses of 6.6%[3] in 2021, still outperformed the broader indices, including the MSCI China and Hang Seng indices, which returned -21.7% and -12.3% during the year, respectively. Longer-term, the Fund was up 159%[3] on a 10-year basis ending December 2021, outperforming the Hang Seng's 79.6% returns.

Strengthened management team

The Group has also made strategic hires to strengthen its senior management team in 2021, in a move to capture new growth opportunities arising from the opening up of China's financial services sector and emerging wealth in Asia, as well as the growing interest among foreign investors in investing into China and Asia assets.

In October, Value Partners appointed Ms. June WONG as the Group's President. She is an esteemed industry veteran with three decades of experience and expertise in the finance, actuarial and asset management industries across Asia. Based in our Hong Kong headquarters, Ms. WONG is responsible for managing the Group's overall business, corporate strategy and operations.

Following Ms. WONG's appointment, the Group also hired Mr. James ONG as Managing Director, Head of Southeast Asia and Chief Executive Officer of Singapore in November. Bringing over 25 years of leadership experience from leading financial institutions, Mr. ONG leads the Group's institutional business for Southeast Asia. He is also involved in driving the intermediaries business in the region.

The Group also strengthened its mid-back operations with the hire of Ms. Winnie LAM as Chief Operating Officer and Ms. Nikita NG as Finance Director. Ms. LAM has over 30 years of experience in the fund management and financial services industry across Asia and is responsible for managing the Group's overall operations and mid-back office functions, while Ms. NG leads the finance function of the Group.

As the Company continues to grow, we continue to review our business strategy and product development and will from time to time look for high caliber professionals to join our Group.

Capturing business opportunities in Mainland China

Our business in Mainland China remains stable, with AUM standing at US$0.9 billion at the end of 2021, accounting for 9% of the Group's total AUM. Our core business continued to be underpinned by three key segments, which are institutional clients, private fund management ("PFM") mandates and retail clients via the Mainland-Hong Kong Mutual Recognition of Funds ("MRF") scheme.

While our institutional business and PFM mandates account for the bulk of our Mainland business, we expect the retail segment to grow, driven by the structural tailwind of increasing penetration of financial assets within Chinese households. In 2021, properties continue to dominate Chinese household assets, accounting for 46% of assets, while financial investments only make up about 29%[4]. However, this is set to change driven by needs from investors to diversify away from property investments to financial assets, as recent policy changes in the real estate market, such as curbing property prices by tightening credit for developers and home mortgages, have prompted increasing diversification towards financial products from the lackluster property sentiment. Industry analysts expect household financial assets in China to grow 125% from RMB188 trillion in 2020 to RMB420 trillion by 2030E[5].

In the past year, we have invested more in our China business to expand our retail distribution network, which includes a wide range of banks, securities firms and third-party online distribution platforms. In 2021, we saw that the online fund sales channel for our MRF business has achieved a sizable client base. As online fund sales gain more momentum in the coming years, we will further enhance the cooperation with MRF agents and relevant third-party online sales platforms and enhance marketing content production and online webinars to boost sales. Moving forward, we will explore the needs of Chinese banks and securities firms for global investment products, as there is continued demand for global solutions on their shelves.

One of our key priorities in 2021 was to also actively prepare for capturing new business presented by the launch of the highly anticipated Greater Bay Area ("GBA") Wealth Management Connect ("WMC") Scheme. The Southbound Connect allows residents in the GBA, which has a population of more than 80 million, to have direct access to wealth management products in Hong Kong for the first time. In particular, the criteria for eligible products to be distributed via the Scheme will be funds domiciled in Hong Kong, which is a competitive advantage for the Group, as we have a diverse range of Hong Kong-domiciled funds currently available to investors.

We have three eligible low-to-medium risk products that are qualified in the Scheme, which are the Asian Income, Asian Total Return Bond and All China Bond funds. So far, two have already been onboarded on the shelves of certain banks listed in the GBA WMC Scheme. We are working closely with our bank partners on investor education, by providing them more information on the funds, such as key features, track records, and investment processes to facilitate the selling of the funds.

Our franchise and efforts have continued to be recognized by the industry. In early 2021, Value Partners was named by Asia Asset Management as the "Best Wholly Foreign-Owned Enterprise (WFOE) House in China, 2021" and one of the "Top 10 WFOE Houses in China" by Howbuy Wealth. We were also awarded the "2020 Golden Changjiang Fast Growing Private Fund Award" by *Securities Times* and Changjiang Securities and were ranked 7th and 12th in Z-Ben Advisors' 2021 Top 10 Outbound Managers and Top 25 Foreign Firms in China, respectively.

Growing our overseas businesses

In 2021, the Group has continued to make significant developments in expanding and growing our businesses outside our home market.

In Japan, we have strengthened our strategic partnership with a leading Japanese financial group with the launch of a new thematic product with ESG considerations. This is in addition to our innovation and healthcare strategies offered in the market, which have attracted sizable inflows from domestic Japanese investors. The new ESG strategy was developed in response to investors' increasing appetite for ESG solutions. It also fits with our overall product direction as we target to launch a few more ESG-focused products in other markets. Japan now accounts for 6% of our total AUM, up significantly from 3% in 2020.

In Malaysia, we successfully listed our first China A-Shares ETF in July. The product complies with Shariah principles and is the first pure A-shares Shariah ETF that has been launched in the world. The product has also become the fifth most traded ETF on the local bourse by value and volume for the whole year 2021, despite having only been listed for five months. This shows that China assets are becoming more popular in the country, as investors seek to further diversify their investment portfolios. In 2022, we plan to develop our Shariah capabilities and strategies, as Malaysia remains to be one of the most advanced and well-regulated Shariah financial markets globally.

In Taiwan, we continued to see demand for our flagship fixed income product from insurance companies. In addition, we have made moves in 2021 to penetrate the retail market, in addition to servicing institutions. In early 2021, we registered our first offshore fund in the market, the Value Partners High-Dividend Stocks Fund, with Taiwan's Financial Supervisory Commission. Currently, we are working on registering a second product with the regulator, which we expect to be completed by the first half of 2022.

Outside of Asia, we are seeing growing interest from Middle Eastern, European and North American investors in allocating more to Asian and Chinese assets. In Europe, riding on our success in securing a mandate in excess of GBP 500 million with M&G in late 2020, the number of inbound requests and inquiries from institutional investors more than doubled in 2021 compared with 2020. In North America, we received an additional sizable investment from an institutional investor for an Asian fixed income mandate in the first quarter. That said, investment sentiment from the region turned weak amid policy headwinds in China and the Sino-US relationship. Nevertheless, we continue to strive to maintain brand awareness by hosting webinars targeting foundations and pension clients, as well as working closely with our local agent to promote our Asia- and China-focused strategies.

ESG commitment

We have continued to step up our efforts on ESG developments, as Responsible Investing is an intrinsic part of our investment process to mitigate risks and identify opportunities for our shareholders and investors. After building and establishing our ESG framework and principles in 2019–2020, 2021 was a period where we ramped up on our practices and capabilities on both the investment and Group levels.

On the investment level, our main focus in 2021 was the expansion of dedicated ESG investment professionals to ramp up our proprietary ESG assessment on our investees and strengthen our Responsible Investing Policy. Earlier during the year, we formally incorporated our proprietary "ESG Risk Assessment", strengthening the integration of ESG factors into our investment process. We are pleased to mention that towards the end of 2021, we have achieved 100% of proprietary coverage on our investees, particularly in equities and listed fixed income issuers.

Our strengthened ESG capabilities have also enabled us to roll out a China thematic strategy in Japan that focuses on the environment. We have plans on further developing our product suite to roll out similar strategies in other markets.

On the Group level, we have further enhanced the quality of disclosure. In our latest ESG report, which was published in our 2020 annual report last year, we provided more in-depth information about our ESG practices and policies, as well as more data on our ESG performance, which include human capital- and environmental-related data. Following this, our efforts have been recognized and we stood out as one of the representatives in the asset management industry in the polling of the Best ESG (G) award at the Hong Kong Investor Relations Association Awards last year.

The engagement with policymakers to support the development of ESG was another area of focus. During the period, our ESG Committee Chair participated as an ESG working group member of the Hong Kong Investment Funds Association, as well as a panelist on the Greater Bay Area Green Finance and Sustainability Development Forum to nurture and foster sustainability-related topics.

Our journey continues as we have set the agenda for ongoing ESG developments in the long term. In 2022, we are planning to continue to expand dedicated ESG resources to further enhance our responsible investment policy, ESG reporting, as well as product offerings.

Outlook

After a challenging 2021, we expect volatility to carry into 2022. Global market sentiments would be overshadowed by geopolitical tensions, risk of stagflation and the rate hike cycle in developed markets. However, we view that Asia, particularly China, is set to yield better performance. Asia's inflationary pressures are more manageable as a whole, while China's policy has turned to a more pro-growth stance to support a stable recovery.

Even though market uncertainty persists, active managers can still identify bottom-up opportunities among diverging opportunities and risks. The pandemic recovery path remains challenging as new variants emerge, while growth and earnings visibility exists in selective companies and sectors. Overall, since we expect bumps along the road in 2022 for the whole region, we would continue to monitor several risk factors, including the continued impacts of the pandemic, the pace of tapering by the Fed and geopolitical developments.

On the business front, we are optimistic that Value Partners is well-positioned to take advantage of the opportunities that the asset and wealth management industry presents, which include China's liberalization of its financial markets, such as the GBA WMC Scheme, the growing wealth in Asia, and the increasing appetite for Asian assets from investors in the west.

Appreciation

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

1. *MSCI, 31 December 2021.*

2. *The Asian Income Fund was launched on 13 November 2017. Calendar returns of the fund over the past five years: 2017 (from 13 November to 31 December): +2.5%; 2018: -3.9%; 2019: +10.4%; 2020: +17.6%; 2021: +3.3%.*

3. *The fund (A Units) was launched on 1 April 1993. Calendar returns of the fund (A Units) over the past five years: 2017: +44.9%; 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021: -6.6%. The Manager does not accept any application for A Units until further notice. New investors and existing unitholders who wish to top up may subscribe in C Units. Investors should note that figures for A Units may differ from C Units, due to differences in launch date of these classes. The fund (C Units) was launched on 15 October 2009. Calendar returns of the funds (C Units) over the past five years: 2017: +43.3%; 2018: -23.5%; 2019: +31.9%; 2020: +36.8%; 2021: -7.2%.*

4. *HSBC Research and Value Partners estimates, December 2021.*

5. *Morgan Stanley research, September 2021.*

Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Performance is calculated in USD, NAV to NAV, with dividend reinvested and net of fees. Indices are for references only.

Investment involves risk and past performance is not indicative of future results. Investors should refer to the explanatory memorandum for details and risk factors in particular those associated with investment in emerging markets.

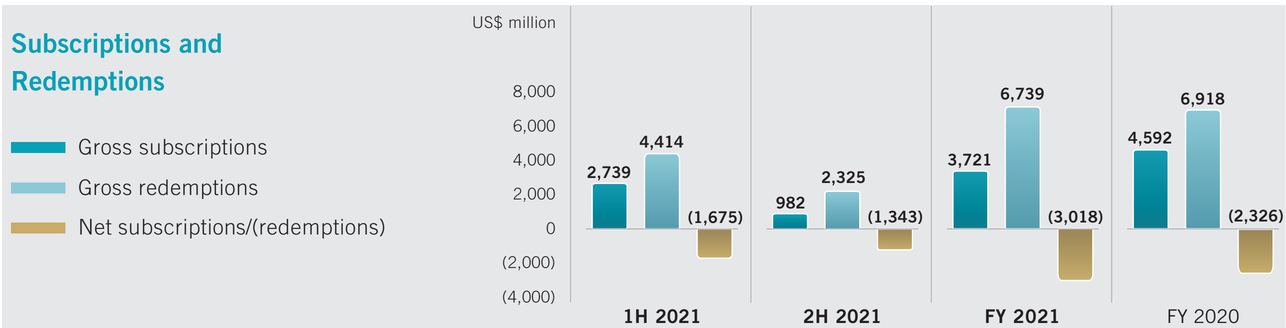
Assets Under Management ("AUM")

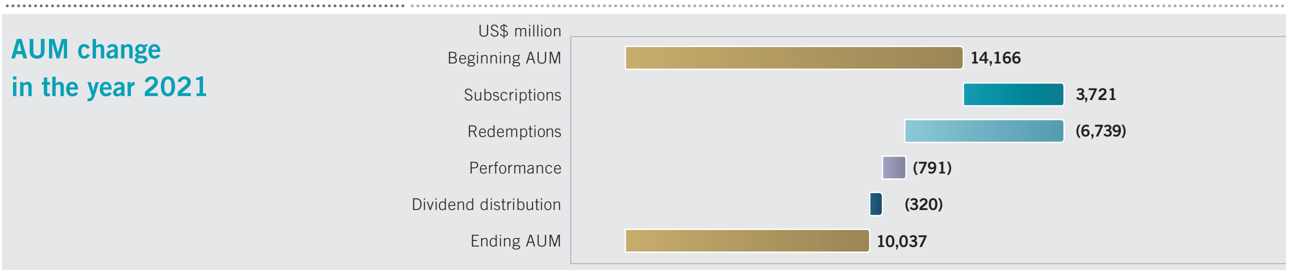
AUM and return

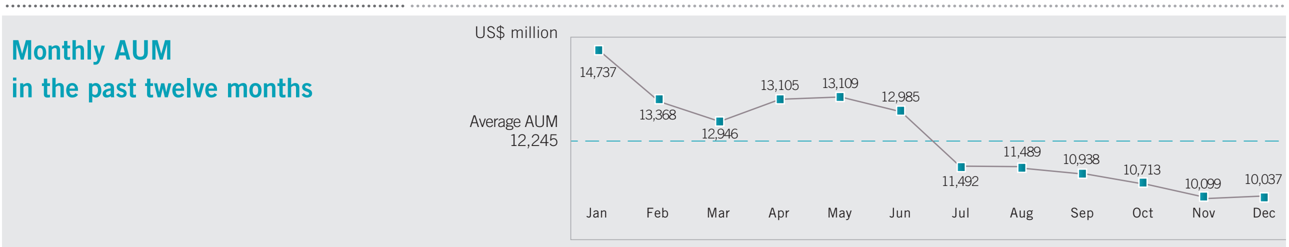
The Group's AUM stood at US$10,037 million at the end of December 2021 (31 December 2020: US$14,166 million). The decline was mainly due to a net redemption of US$3,018 million and a negative fund return of US$791 million in a challenging market environment during 2021.

Overall fund performance[1], calculated as the asset-weighted average return of funds under management, was a decline of 7.3% in 2021. Among our funds, the Value Partners High-Dividend Stocks Fund[2], the Group's largest public fund[3], recorded a gain of 3.5% during the year. The Value Partners Classic Fund[4] and the Value Partners Greater China High Yield Income Fund[5] fell 6.6% and 22.5%, respectively, during the year.

For full-year 2021, we recorded a net redemption of US$3,018 million (2020: net redemption of US$2,326 million), which was accounted for by gross subscriptions of US$3,721 million (2020: US$4,592 million) and gross redemptions of US$6,739 million (2020: US$6,918 million).



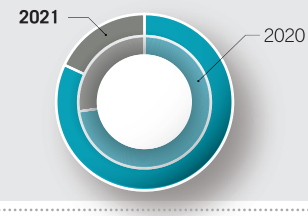




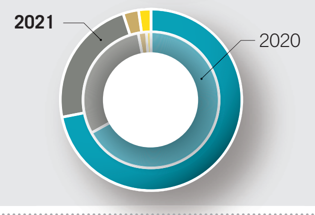
AUM by category

The charts below show the breakdown of the Group's AUM as at 31 December 2021 using two classifiers: brand and strategy. Own Branded Funds (82%) 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 (23%), where the Value Partners Greater China High Yield Income Fund was the largest contributor.

Classification by brand	2021	2020
Own Branded Funds	**82%**	73%
White Label & Co-branded Funds	**18%**	27%



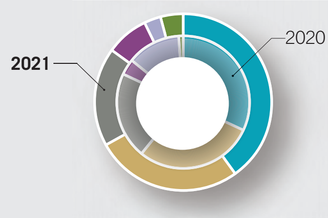
Classification by strategy	2021	2020
Absolute Return Long-biased Funds	**72%**	67%
Fixed Income Funds	**23%**	30%
Alternative Funds	**3%**	2%
Quantitative Funds & ETF	**2%**	1%



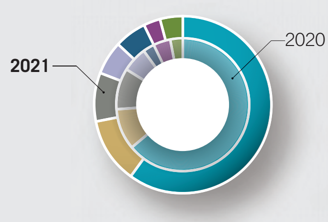
Client base

During the year, clients in the institutional segment – institutions, pension funds, high-net-worth individuals, endowments and foundations, funds of funds, and family offices and trusts – remained the Group's primary set of fund investors, accounting for 60% of total AUM (31 December 2020: 68%). Meanwhile, retail clients contributed 40% of total AUM (31 December 2020: 32%). In terms of geography, Hong Kong SAR clients continued as the largest segment, contributing 60% of the Group's AUM (31 December 2020: 64%). There was a notable rise in the share of AUM attributable to clients in Japan, which increased to 6% (31 December 2020: 3%) as the Group's Japan business witnessed solid growth in 2021. The share of AUM contributed by clients in mainland China remained stable at 9% (31 December 2020: 10%).

Client analysis by type	2021	2020
Retail	**40%**	32%
Institutions	**27%**	29%
High-net-worth individuals	**18%**	21%
Funds of funds	**8%**	4%
Pension funds	**3%**	13%
Others	**4%**	1%



Client analysis by geographical region	2021	2020
Hong Kong SAR	**60%**	64%
Europe	**12%**	10%
Mainland China	**9%**	10%
Singapore	**6%**	6%
Japan	**6%**	3%
United States	**3%**	4%
Others	**4%**	3%



Summary of results

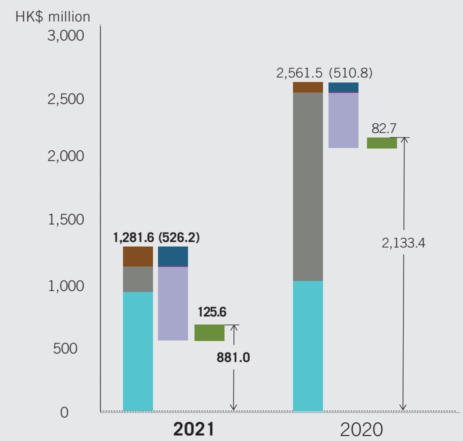
Key financial highlights for the reporting period are as follows:

(In HK$ million)	2021	2020	% Change
Total revenue	**1,281.6**	2,561.5	-50.0%
Gross management fees	**926.7**	1,013.2	-8.5%
Gross performance fees	**200.5**	1,468.1	-86.3%
Operating profit (before other gains/losses)	**360.3**	1,308.5	-72.5%
Profit attributable to owners of the Company	**457.8**	1,379.5	-66.8%
Basic earnings per share (HK cents)	**24.7**	74.4	-66.8%
Diluted earnings per share (HK cents)	**24.6**	74.4	-66.9%
Interim dividend per share	**Nil**	Nil	
Final dividend per share (HK cents)	**8.0**	26.0	-69.2%
Special dividend per share (HK cents)	**Nil**	8.0	-100.0%
Total dividends per share (HK cents)	**8.0**	34.0	-76.5%

Revenue and fee margin

Breakdown of total net income

(In HK$ million)	2021	2020
Revenue		
Management fees	**926.7**	1,013.2
Performance fees	**200.5**	1,468.1
Front-end fees	**154.4**	80.2
Distribution fee expenses		
Management fee rebate	**(370.4)**	(428.5)
Performance fee rebate	**(1.5)**	(2.4)
Other revenue rebate	**(154.3)**	(79.9)
Other income		
Other income	**125.6**	82.7



The Group's profit attributable to owners of the Company decreased to HK$457.8 million in 2021 (2020: HK$1,379.5 million) as total revenue fell 50.0% to HK$1,281.6 million (2020: HK$2,561.5 million).

The drop in total revenue was underwritten by a sharp decline in gross performance fees, which decreased to HK$200.5 million (2020: HK$1,468.1 million), as most of the Group's funds that attract performance fees finished the year below their high watermarks 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.

Gross management fees, the Group's largest revenue contributor in 2021, dropped 8.5% to HK$926.7 million (2020: HK$1,013.2 million) on a 3.1% decrease in the Group's average AUM to US$12,245 million (2020: US$12,642 million).

During the year, our annualized net management fee margin decreased to 59 basis points (2020: 61 basis points) on the back of net outflows of the Value Partners Greater China High Yield Income Fund, which has relatively higher margins. Meanwhile, the management fee rebates for distribution channels decreased by 13.6% to HK$370.4 million (2020: HK$428.5 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 and other income from an investment property, totaled HK$125.6 million (2020: HK$82.7 million). The change was mainly due to a rise in dividend income to HK$53.1 million (2020: HK$13.4 million)

Other gains or losses

Breakdown of other gains – net	(In HK$ million)	2021	2020
	Net gains on investments	**112.6**	257.6
	Fair value gain of an investment property	**18.5**	–
	Net foreign exchange (losses)/gains	**(20.1)**	6.1
	Other gains – net	**111.0**	263.7

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.

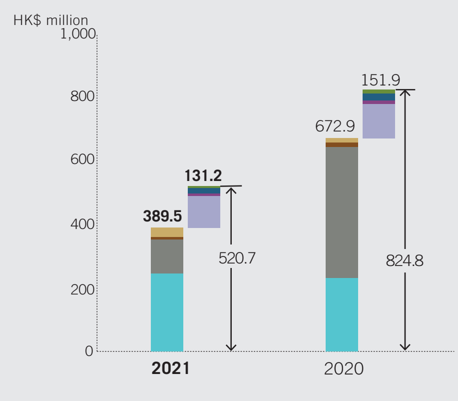
Investments in joint ventures

In 2017, the Group set up the Value Partners Asia Pacific Real Estate Limited Partnership (the "Real Estate Partnership") to engage in real estate private equity business. As at 31 December 2021, the Real Estate Partnership held three logistic centers located in Japan and a commercial tower located in Australia through two joint ventures in which the Group had 50% and 15% equity interest, respectively. As at 31 December 2020, the Real Estate Partnership held three logistic centers located in Japan and an industrial facility located in Australia through two joint ventures in which the Group had 50% and 50% equity interest, respectively. The Group's share of gains amounted to HK$40.5 million (2020: HK$32.5 million), which consisted of revaluation gains on properties that totaled HK$17.5 million (2020: HK$11.1 million) and rental income of HK$23.0 million (2020: HK$21.4 million).

Cost management

Breakdown of total expenses

(In HK$ million)	2021	2020
Compensation and benefit expenses		
Fixed salaries and staff benefits	**244.8**	231.8
Management bonus	**108.1**	412.0
Staff rebates	**7.8**	15.4
Share-based compensation expenses	**28.8**	13.7
Other expenses		
Other fixed operating costs	**99.4**	107.4
Sales and marketing	**8.9**	11.1
Depreciation, excluding depreciation of right-of-use assets – properties	**17.1**	20.5
Non-recurring expenses	**5.8**	12.9



In terms of cost management, the Group continued to exercise stringent cost discipline and kept fixed operating expenses covered by net management fee income, which is a relatively stable source of income. Such coverage is measured by the “fixed cost coverage ratio”, an indicator showing the number of times that fixed operating expenses (excluding discretionary and non-recurring expenses) are covered by net management fee income. For 2021, the Group reported a fixed cost coverage ratio of 1.6 times (2020: 1.7 times). The Group takes a cautionary stance in cost management and has implemented measures such as resource realignment and ongoing cost control to manage future business headwinds. This approach is to ensure strict cost management while developing longer-term strategic projects.

Compensation and benefit expenses

During the year, fixed salaries and staff benefits increased by HK$13.0 million to HK$244.8 million (2020: HK$231.8 million).

As part of its compensation policy, the Group distributes 20% to 23% of its annual net profit pool as a management bonus to employees. The management bonus for 2021 totaled HK$108.1 million (2020: HK$412.0 million). The profit pool is calculated by deducting certain adjustments from net profit before the management bonus and taxation. This discretionary bonus is maintained to promote staff loyalty and performance while aligning employee and shareholder interests.

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$7.8 million (2020: HK$15.4 million).

During the year, the Group recorded expenses of HK$28.8 million (2020: HK$13.7 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, legal and professional fees, investment research fees, and other administrative and office expenses – amounted to HK$99.4 million for the year (2020: HK$107.4 million), while sales and marketing expenses decreased to HK$8.9 million (2020: HK$11.1 million).

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. Dividend per share is declared based on the Group’s realized profit, which excludes unrealized gains and losses recognized.

For 2021, the Board of Directors recommended a final dividend of 8 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 2021, the Group’s balance sheet and cash positions remained strong, with a net cash balance of HK$1,665.9 million. Net cash inflows from operating activities amounted to HK$1,075.6 million, while the Group had no corporate bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The Group’s debt-to-equity ratio, measured by interest bearing external borrowings (excluding borrowings by investment funds where the Group has a controlling interest) divided by shareholders’ equity, was zero, while its current ratio (current assets divided by current liabilities) was 6.9 times.

Capital structure

As at 31 December 2021, the Group's shareholders' equity and total number of shares issued were HK$5,264.8 million and 1.85 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: 2017: +32.9%; 2018: -14.2%; 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022 (Year to date as at 28 February): -1.1%.*

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 Classic Fund (A Units) over the past five years: 2017: +44.9%; 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022 (Year to date as at 28 February): -12.8%.*

5. *Annual calendar returns of Value Partners Greater China High Yield Income Fund (Class P Acc USD) over the past five years: 2017: +10.1%; 2018: -4.9%; 2019: +9.4%; 2020: -0.3%; 2021: -22.5%; 2022 (Year to date as at 28 February): -10.9%.*

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

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

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

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

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

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

SO Chun Ki Louis

Co-Chairman and Co-Chief Investment Officer

Mr. Louis SO, aged 46, is Co-Chairman and Co-Chief Investment Officer of Value Partners Group. He works closely with Dato' Seri CHEAH Cheng Hye on all aspects of providing leadership to Value Partners, including overseeing all group affairs and activities, daily operations and overall management of the Group's investment management team. He leads the Group's investment process, with a high degree of responsibility over portfolio management.

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

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

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

HUNG Yeuk Yan Renee

Senior Investment Director

Ms. Renee HUNG, aged 47, is Senior Investment Director of Value Partners. She is a leader in the Group's investment process, with a high degree of responsibility over portfolio management.

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

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

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

HO Man Kei, Norman CFA

Senior Investment Director

Mr. Norman HO, aged 55, is Senior Investment Director of Value Partners. He is a leader in the Group's investment process, with a high degree of responsibility over portfolio management.

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

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

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

WONG Wai Man June

President

Ms. June WONG, aged 55, is President 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 76, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

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

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

Nobuo OYAMA

Mr. Nobuo OYAMA, aged 68, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

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

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

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

WONG Poh Weng

Mr. WONG Poh Weng, aged 69, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 14 August 2018.

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

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

Other senior management members

Investment Management Team

IP Ho Wah Gordon CFA
Chief Investment Officer, Fixed Income

Mr. Gordon IP, aged 51, is Chief Investment Officer, Fixed Income of Value Partners, where he oversees the firm's credit and fixed income investments and portfolio management. He has over 27 years of experience investing across fixed income sectors. Mr. IP joined Value Partners in August 2009 as a Fund Manager and was promoted to the roles of Senior Fund Manager and Investment Director in 2015 and 2016, respectively. In July 2017, he was promoted to his current role.

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

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

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

TENG An Chi, Angel
Chief Strategy Officer

Ms. Angel TENG, aged 31, is Managing Director and Chief Strategy Officer of Value Partners, where she is responsible for designing, planning and leading execution on strategic growth initiatives and building strategic partnerships of the Group.

Ms. TENG joined Value Partners in September 2019. Prior to joining Value Partners, she worked at McKinsey & Company as an Engagement Manager and HSBC as a Management Trainee. She has broad experience in strategy planning, particularly for financial institutions including asset managers, multi-national banks, regional banks and other non-bank financial institutions in Hong Kong, Taiwan and China. She has led strategy and transformation projects in core functions of businesses, such as sales and distribution, business development, marketing and operations.

Ms. TENG graduated with a Bachelor's degree in Economics from the National Taiwan University and a Master's degree in Business Administration from the University of Cambridge.

TSUI Fook Wang, Frank
Senior Fund Manager
Head of ESG Investment

Mr. Frank TSUI, aged 41, is a senior member of the Value Partners Research and Portfolio Management Team. He is responsible for the Group's investment process and strategies, as well as investment team's communications. He has over 19 years of financial industry experience.

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

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

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

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

Business Management Team

CHEUNG Wan May Wimmie
General Counsel

Ms. Wimmie CHEUNG, aged 46, 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.

GUAN Wei, Gary

Co-Head of China Business

Mr. Gary GUAN, aged 47, is Co-Head of China Business of Value Partners. He is responsible for leading and developing the Group's institution business in mainland China. He is among the first batch of professionals to work in China's mutual fund industry and brings over 20 years of fund industry experience. He has extensive and broad knowledge of funds and investment products, combined with strong institutional and distribution networks.

Mr. GUAN joined Value Partners in April 2013 as General Manager, and has been in charge of the sales function in mainland China. Prior to joining Value Partners, he was Assistant General Manager at Goldstate Value Partners Fund Management, leading the firm's sales team. Before that, he was Head of Marketing at Mingsheng Royal Fund Management and Changsheng Fund Management, responsible for the sales and marketing functions.

Mr. GUAN holds a Bachelor's degree in International Finance from Renmin University of China and a Master's degree in Finance from Capital University of Economics and Business in Beijing.

LAM Mei Kuen Winnie

Chief Operating Officer

Ms. Winnie LAM, aged 54, is Chief Operating Officer and Managing Director 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 48, 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.

TSANG Tak Ming, Wallace CFA

Regional Head, Intermediary Business, Asia Pacific

Mr. Wallace TSANG, aged 45, is Managing Director and Regional Head of Intermediary Business, Asia Pacific of Value Partners. He is responsible for overseeing the management and development of fund distribution business in the Asia Pacific region.

Mr. TSANG brings over 20 years of experience across asset management and financial services industry. He joined Value Partners in July 2008 as a Senior Sales Manager and was appointed as Managing Director, Intermediary Business, in 2012. In December 2019, he was promoted to his current role. Under his leadership, he helps the Company to extend its reach into the intermediary market and the private banking industry.

Prior to joining Value Partners, Mr. TSANG worked at Pioneer Investment Management covering North Asia region's fund distribution business. He also gained valuable experience at Citibank Hong Kong as an Investment Consultant of Citigold and various wealth management companies.

Mr. TSANG serves as a member of the Executive Committee of the Hong Kong Investment Funds Association ("HKIFA") since September 2018. He holds a Bachelor's Degree in Environment Science from the Chinese University of Hong Kong. He is a CFA charterholder.

ZHONG Junjie, William

Co-Head of China Business

Mr. William ZHONG, aged 51, is Managing Director and Co-Head of China Business of Value Partners. He oversees the Group's mainland China business and is responsible for all retail distribution and business development in China. He provides strategic leadership on applications for setting up the Group's mutual fund business in China.

Mr. ZHONG joined Value Partners in January 2021. He brings over 25 years of experience in the Chinese asset management industry, and has broad experience in fund distribution and management. Prior to joining Value Partners, Mr. ZHONG was Managing Director at Harvest Fund Management, where he headed up multiple business departments, including China retail business, group investment consultant relationships and group marketing planning.

Mr. ZHONG holds a Master's degree in Business Administration from Peking University's Guanghua School of Management, and a Bachelor's degree in Economics from Beijing Normal University.

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 2021.

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 15.1 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 91.

Dividend

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of 8 HK cents per share for the year ended 31 December 2021 to the shareholders whose names are registered on the register of members of the Company on 10 May 2022. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2022, the final dividend will be payable on or about 25 May 2022. 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 2017 to 2021 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 2021 are set out in Note 25 to the consolidated financial statements.

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 35 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 2021, the Company's distributable reserve was approximately HK$2,721,323,000.

Charitable contributions

During the year, the Group made charitable contributions totalling HK$512,000.

Board of Directors

During the year ended 31 December 2021 and up to the date of this report the Board comprised:

Executive Directors

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

Independent Non-executive Directors

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

In accordance with articles 86 and 87 of the Company's articles of association, Mr. SO Chun Ki Louis, Mr. HO Man Kei, Norman, Ms. WONG Wai Man June and Mr. WONG Poh Weng will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

Biographical details of the Directors as at the date of this annual report are set out on pages 25 to 28.

Directors' service contracts

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

Each of the Independent Non-executive Directors has entered into a service contract with the Company for one year commencing on 22 November 2021 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 2021, the interests and short positions of the Directors and the chief executive of the Company 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	21.82%	–	21.82%
	Beneficial	60,733,516	3.28%	1,855,000	3.38%
Mr. SO Chun Ki Louis	Beneficial	15,765,723	0.85%	42,162,000	3.13%
Ms. HUNG Yeuk Yan Renee	Founder of trust[2]	16,870,583	0.91%	–	0.91%
	Beneficial	1,200,000	0.06%	13,316,000	0.78%
Mr. HO Man Kei, Norman	Beneficial	13,621,132	0.73%	13,316,000	1.45%
Dr. CHEN Shih-Ta Michael	Beneficial	–	–	550,000	0.02%
Mr. Nobuo OYAMA	Beneficial	500,000	0.02%	350,000	0.04%
Mr. WONG Poh Weng	Beneficial	–	–	350,000	0.01%

Notes:

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

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

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

(b) Share options

The Company adopted a share option scheme on 24 October 2007 (and as amended on 15 May 2008) and expired on 24 October 2017 (the "2007 Share Option Scheme"). All outstanding options granted under the 2007 Share Option Scheme will continue to be valid and exercisable in accordance with the principal terms of the 2007 Share Option Scheme. The Company adopted a new share option scheme at the annual general meeting held on 4 May 2017 (the "2017 Share Option Scheme"). A summary of the movements of the outstanding share options during the year ended 31 December 2021 is as follows:

Grantee	Date of grant	Exercise period	Exercise price (HK$)	Number of Share Options As at 01/01/2021	Granted	Exercised	Lapsed	As at 31/12/2021
Dato' Seri CHEAH Cheng Hye	17/06/2015[3]	17/12/2015–16/12/2021	14.092	18,873,333	–	–	(18,873,333)	–
		17/12/2016–16/12/2021	14.092	18,873,333	–	–	(18,873,333)	–
		17/12/2017–16/12/2021	14.092	18,873,334	–	–	(18,873,334)	–
	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	12/05/2015	12/05/2018–11/11/2021	13.60	1,716,666	–	–	(1,716,666)	–
		12/05/2019–11/11/2021	13.60	1,716,666	–	–	(1,716,666)	–
		12/05/2020–11/11/2021	13.60	1,716,668	–	–	(1,716,668)	–
	17/06/2015	17/12/2015–16/12/2021	14.092	3,413,333	–	–	(3,413,333)	–
		17/12/2016–16/12/2021	14.092	3,413,333	–	–	(3,413,333)	–
		17/12/2017–16/12/2021	14.092	3,413,334	–	–	(3,413,334)	–
	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	12/05/2015	12/05/2018–11/11/2021	13.60	1,016,666	–	–	(1,016,666)	–
		12/05/2019–11/11/2021	13.60	1,016,666	–	–	(1,016,666)	–
		12/05/2020–11/11/2021	13.60	1,016,668	–	–	(1,016,668)	–
	17/06/2015	17/12/2015–16/12/2021	14.092	2,373,333	–	–	(2,373,333)	–
		17/12/2016–16/12/2021	14.092	2,373,333	–	–	(2,373,333)	–
		17/12/2017–16/12/2021	14.092	2,373,334	–	–	(2,373,334)	–
	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	12/05/2015	12/05/2018–11/11/2021	13.60	776,666	–	–	(776,666)	–
		12/05/2019–11/11/2021	13.60	776,666	–	–	(776,666)	–
		12/05/2020–11/11/2021	13.60	776,668	–	–	(776,668)	–
	17/06/2015	17/12/2015–16/12/2021	14.092	2,620,000	–	–	(2,620,000)	–
		17/12/2016–16/12/2021	14.092	2,620,000	–	–	(2,620,000)	–
		17/12/2017–16/12/2021	14.092	2,620,000	–	–	(2,620,000)	–
	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

Grantee	Date of grant	Exercise period	Exercise price (HK$)	Number of Share Options				
				As at 01/01/2021	Granted	Exercised	Lapsed	As at 31/12/2021
Dr. CHEN Shih-Ta Michael	31/05/2012	31/05/2013–30/05/2022	3.94	66,667	–	–	–	66,667
		31/05/2014–30/05/2022	3.94	66,667	–	–	–	66,667
		31/05/2015–30/05/2022	3.94	66,666	–	–	–	66,666
	17/06/2015	17/12/2015–16/12/2021	14.092	100,000	–	–	(100,000)	–
		17/12/2016–16/12/2021	14.092	100,000	–	–	(100,000)	–
		17/12/2017–16/12/2021	14.092	100,000	–	–	(100,000)	–
	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	17/06/2015	17/12/2015–16/12/2021	14.092	100,000	–	–	(100,000)	–
		17/12/2016–16/12/2021	14.092	100,000	–	–		–
		17/12/2017–16/12/2021	14.092	100,000	–	–		–
	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
Employees[4]	31/05/2012	31/05/2013–30/05/2022	3.94	100,000	–	–	–	100,000
		31/05/2014–30/05/2022	3.94	100,000	–	–	–	100,000
		31/05/2015–30/05/2022	3.94	100,000	–	–	–	100,000
	12/05/2015	12/05/2018–11/11/2021	13.60	3,859,995	–	–	(3,859,995)	–
		12/05/2019–11/11/2021	13.60	3,859,995	–	–	(3,859,995)	–
		12/05/2020–11/11/2021	13.60	3,860,010	–	–	(3,860,010)	–
	17/06/2015	17/12/2015–16/12/2021	14.092	1,623,327	–	–	(1,623,327)	–
		17/12/2016–16/12/2021	14.092	1,623,327	–	–	(1,623,327)	–
		17/12/2017–16/12/2021	14.092	1,623,346	–	–	(1,623,346)	–
	15/10/2018	15/04/2019–14/04/2025	5.87	2,666,666	–	–	(1,833,333)	833,333
		15/04/2020–14/04/2025	5.87	2,666,666	–	–	(1,833,333)	833,333
		15/04/2021–14/04/2025	5.87	2,666,668	–	–	(1,833,334)	833,334
	23/11/2020	23/05/2022–22/08/2026	4.14	11,865,000	–	–	(7,060,000)	4,805,000
		23/11/2023–22/08/2026	4.14	11,865,000	–	–	(7,060,000)	4,805,000
	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				213,349,000	8,000,000	–	(129,040,000)	92,309,000

Notes:

1. The closing prices of the Shares immediately before the share options granted on 31 May 2012, 12 May 2015, 17 June 2015, 15 October 2018, 23 November 2020 and 12 March 2021 were HK$3.90, HK$13.68, HK$13.50, HK$5.87, HK$4.14 and HK$5.55 respectively.

2. No share option was cancelled during the year.

3. Out of a total of 56,620,000 share options, the grant of 54,800,000 share options to Dato' Seri CHEAH was approved in the extraordinary general meeting of the Company held on 27 July 2015.

4. Eligible employees are working under employment contracts that are regarded as "continuous contracts" for the purpose of the Employment Ordinance.

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

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

Substantial shareholders' interests

As at 31 December 2021, the following persons (other than a Director or chief executive of the Company) 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	25.10%	1,855,000	25.20%
Mr. YEH V-Nee	Beneficial	298,805,324	16.15%	–	16.15%
Mrs. YEH Mira(2)	Spouse	298,805,324	16.15%	–	16.15%
Cheah Capital Management Limited(3)	Beneficial	403,730,484	21.82%	–	21.82%
Cheah Company Limited(3)	Corporate	403,730,484	21.82%	–	21.82%
BNP Paribas Jersey Nominee Company Limited(3)	Nominee	403,730,484	21.82%	–	21.82%
BNP Paribas Jersey Trust Corporation Limited(3)	Trustee	403,730,484	21.82%	–	21.82%
Haitong Securities Co., Ltd.(4)	Corporate	187,943,000	10.15%	–	10.15%

Notes:

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

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

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

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

Directors' interests in transactions, arrangements or contracts of significance

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

Share options

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

1. Purpose of the 2017 Share Option Scheme

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

2. Participants of the 2017 Share Option Scheme

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

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

185,171,483 shares (10%)

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

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

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

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

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

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

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

6. The minimum period for which an option must be held before it can be exercised

Nil

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

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

8. The basis of determining the exercise price

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

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

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

(c) the nominal value of the Shares.

9. The remaining life of the 2017 Share Option Scheme

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

Connected transactions and continuing connected transactions

During the year, the Company did not have any connected transactions and continuing connected transactions which were subject to the disclosure requirements of the Listing Rules. The related-party transactions as disclosed in Note 34 did not fall under the definition of connected transactions or continuing connected transactions in the Listing Rules.

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 8 and Note 36 to the consolidated financial statements. 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 2021, the Group had no material contributions available to reduce its contributions to the pension schemes in future years.

Sufficiency of public float

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

Purchase, redemption or sale of listed shares of the Company

The Company purchased a total of 5,100,000 shares on the Stock Exchange during the year ended 31 December 2021 and the aggregate consideration paid was approximately HK$22,027,000. As at 31 December 2021, the total number of shares in issue was 1,849,982,831. All the purchased shares were cancelled. The Board believes the repurchase of the shares and subsequent cancellation of the repurchased shares can enhance the value of the shares and lead to an enhancement of the return to shareholders of the Company. In addition, the Board believes that the repurchase of the shares reflects the Company's confidence in its long term business prospects for the benefit of the Company and its shareholders as a whole. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of shares repurchased	Price paid per share		Aggregate consideration
		Highest *HK$*	Lowest *HK$*	*HK$*
June 2021	556,000	4.78	4.69	2,614,000
July 2021	1,679,000	4.90	4.77	8,116,000
September 2021	2,865,000	4.14	3.82	11,297,000
Total	5,100,000			22,027,000

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

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

Pre-emptive rights

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

Major customers and suppliers

The Group's five largest customers (in terms of AUM as of 31 December 2021) accounted for 27% of the Group's total fee income, and the Group's five largest suppliers accounted for 29% of the Group's distribution fee expenses for the year ended 31 December 2021.

The Group's largest customer (in terms of AUM as at the end of year) accounted for approximately 7% of the Group's total fee income whereas the Group's largest supplier accounted for approximately 10% of total distribution fee expenses for the year ended 31 December 2021.

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 recognises 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 facing the Group, particulars of important events affecting the Group for the year ended 31 December 2021, 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.

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 analyses 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 2021 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, 10 March 2022

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 (except code provision A.2.1 (which has been re-numbered as code provision C.2.1) as stated below) set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code", which has been updated and renamed as the Corporate Governance Code with effect from 1 January 2022) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year of 2021. The Company continued to maintain high standards of corporate governance and business ethics, and to ensure the full compliance of our operations with applicable laws and regulations.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. The Company, having made specific enquiries of all the Directors, was not aware of any non-compliance with the Model Code by the Directors during the year of 2021. 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 and special dividends 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; and
- Overseeing the performance of senior management.

In 2021, the Board reviewed the following corporate governance matters:

- reviewing the compliance with the CG 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 2021 and the attendance record of each Director at the board meetings is set out below:

	No. of board meetings attended/held
Executive Directors	
Dato' Seri CHEAH Cheng Hye *(Co-Chairman)*	6/6
Mr. SO Chun Ki Louis *(Co-Chairman)*	6/6
Ms. HUNG Yeuk Yan Renee	6/6
Mr. HO Man Kei, Norman	6/6
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 2021.

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 2021 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
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 and industry updates

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 the Leadership Committee

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 function of the chief executive in the meantime is taken up by the Leadership Committee, currently comprising Dato' Seri CHEAH, Mr. SO and Ms. WONG Wai Man June, who 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.

In respect of code provision A.2.1 of the CG Code (which has been re-numbered as code provision C.2.1 since 1 January 2022), the roles of chairman and chief executive are held by the same individuals, namely, Dato' Seri CHEAH Cheng Hye and Mr. SO Chun Ki Louis as Co-Chairmen and also members of the Leadership Committee which serves the function of chief executive. Upon the appointment of Ms. WONG Wai Man June as the President and a member of the Leadership Committee of the Company with effect from 18 October 2021, the Company is in compliance with the requirement under code provision A.2.1 of the CG Code.

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 CG 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 2021. The President, Chief Operating Officer, the Chief Compliance Officer, the Head of Internal Audit, the Managing Director, Risk Management, 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 record 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 2021, the Audit Committee reviewed, discussed and/or approved the matters related to:

- The Group's interim and annual results, preliminary announcements and reports and periodic financial updates.
- The auditor's remuneration (including the non-audit services) and its terms of engagement.
- The digital transformation plan of the Group.
- The 2021 external and 2022 internal audit plans.
- The reports prepared by the Risk Management, Compliance and Internal Audit departments.
- The risk control self-assessment summary of the Group prepared by the Risk Management department.

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

2. Remuneration Committee

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

The Remuneration Committee held four meetings in 2021. The attendance record 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)*	4/4
Dato' Seri CHEAH Cheng Hye	4/4
Mr. Nobuo OYAMA	4/4
Mr. SO Chun Ki Louis	4/4
Mr. WONG Poh Weng	4/4

In 2021, the Remuneration Committee reviewed, discussed and/or approved the issues related to:

- The remuneration level for Directors and senior management for the year 2022 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 financial results and individual performance.
- The renewal of appointment letters of Independent Non-executive Directors.
- The proposed grant of share options.
- The remuneration package of Ms. WONG Wai Man June.

The remuneration payable to the members of the senior management by band for the year ended 31 December 2021 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. As at the date of this report, the Board comprises eight Directors of which three of them are Independent Non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considering in terms of gender, nationality professional background and skills. Accordingly, the Board considered the objectives of the Board Diversity Policy to be achieved.

The Nomination Committee held one meeting in 2021. The attendance record 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 2021, 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.
- 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 2021.

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 2021, the Risk Management Committee comprises, Mr. CHENG Tsz Chung, Ms. LAM Mei Kuen, Winnie, Ms. LEE Vivienne, Mr. HO Man Kei, Norman and Ms. WONG York Ying, Ella. The Risk Management Committee is chaired by Ms. WONG York Ying, Ella.

The Risk Management Committee held four meetings in 2021, of which Mr. HO Man Kei, Norman, Executive Director attended all four meetings. In the meetings, the members reviewed, discussed and/or approved the issues related to:

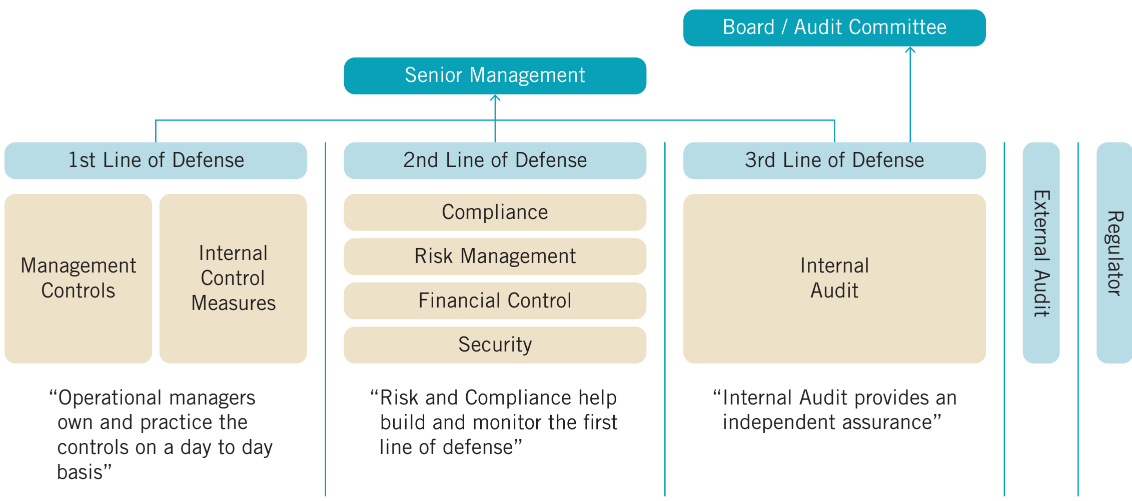
- The Group's risk management framework and system of internal control.
- Regular assessments on major risks.
- Risk control self-assessment update.
- Various internal audit reports issued during the year.
- Review error reports.
- New business update.
- Information risk management update.
- Investment,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

Risk Management and Internal Controls

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

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

Three Lines of Defense Model of Value Partners Group



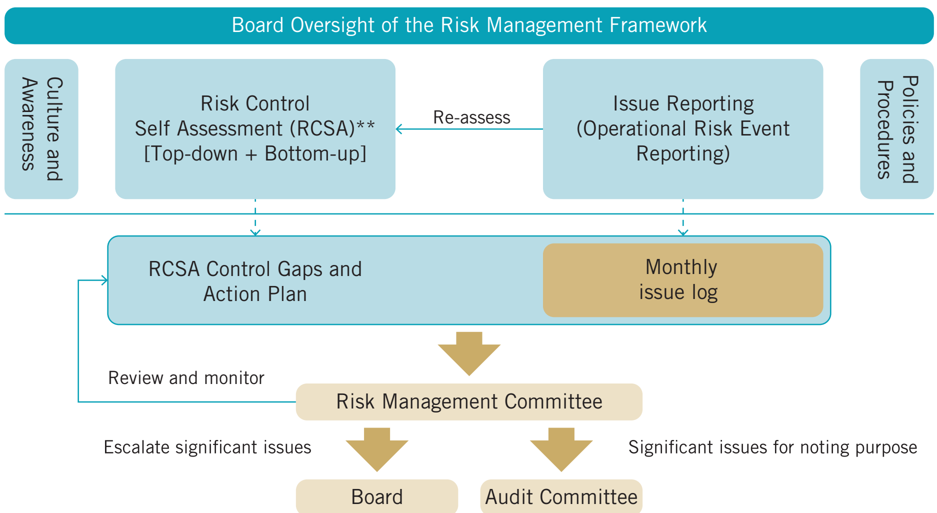
The Risk Management Committee co-ordinates enterprise risk management activities and reviews significant aspects of risk management for the Group, reports to the Audit Committee at each regularly scheduled meeting. Subjects covered, amongst other things, include significant risks of the Group and the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

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



** To be updated annually/whenever there is any significant change in the business process(es) and control(s).

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 Control Self-Assessment for analysis of potential strategic implications and for regular reporting to the senior management and directors of the Company.

The Audit Committee has established and oversees a whistleblower policy and a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving the Company, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner. The Chairman of the Audit Committee has designated the Head of Group Internal Audit and/or the President 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.

During 2021, 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. 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 liquidity risk management controls to monitor portfolios, introducing several new internal control procedures, 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 update reports to the Board and the Audit Committee on the results of the annual Risk Control Self-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 2021, Group Internal Audit conducted selective reviews of the effectiveness of the systems of risk management and internal controls of the Group over financial, operational and compliance controls. Additionally, the heads of major business and corporate functions of the Group were required to undertake control self-assessments of their key controls. These results were assessed by the President, Head of Risk Management and Head of Group Internal Audit and reported to the Audit Committee, which then reviewed and reported the same to the Board. During the year, key areas of focus included controls relevant to information security, marketing materials, idle cash management, and valuation. The reviews revealed no serious shortcomings in the Groups' internal control systems within the year. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

Emolument policy and Directors' remuneration

Remuneration packages that take into account business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with our emphasis on recognition of performance and human capital retention, we reward our employees with year-end discretionary bonus which is linked to our level of profits 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 2021 was approximately HK$5.1 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 2021 and the fee was approximately HK$2.1 million.

Preparation of Financial Statements

The Directors acknowledge their responsibility for preparing consolidated financial statements of the Group for the year ended 31 December 2021 (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 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.

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 2021 are set out below:

	No. of AGM attended/held
Executive Directors	
Dato' Seri CHEAH Cheng Hye *(Co-Chairman)*	1/1
Mr. SO Chun Ki Louis *(Co-Chairman)*	1/1
Ms. HUNG Yeuk Yan Renee	1/1
Mr. HO Man Kei, Norman	1/1
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 41 shareholders or their representatives that participated in our annual general meeting for the year 2021 and all the resolutions proposed were passed by poll voting in the meeting. Representatives of the auditor also attended this AGM. Poll results are made publicly available on the same day of the meeting, typically in the space of a few hours, to ensure the timely disclosure of information.

3. Shareholders' rights

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

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

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

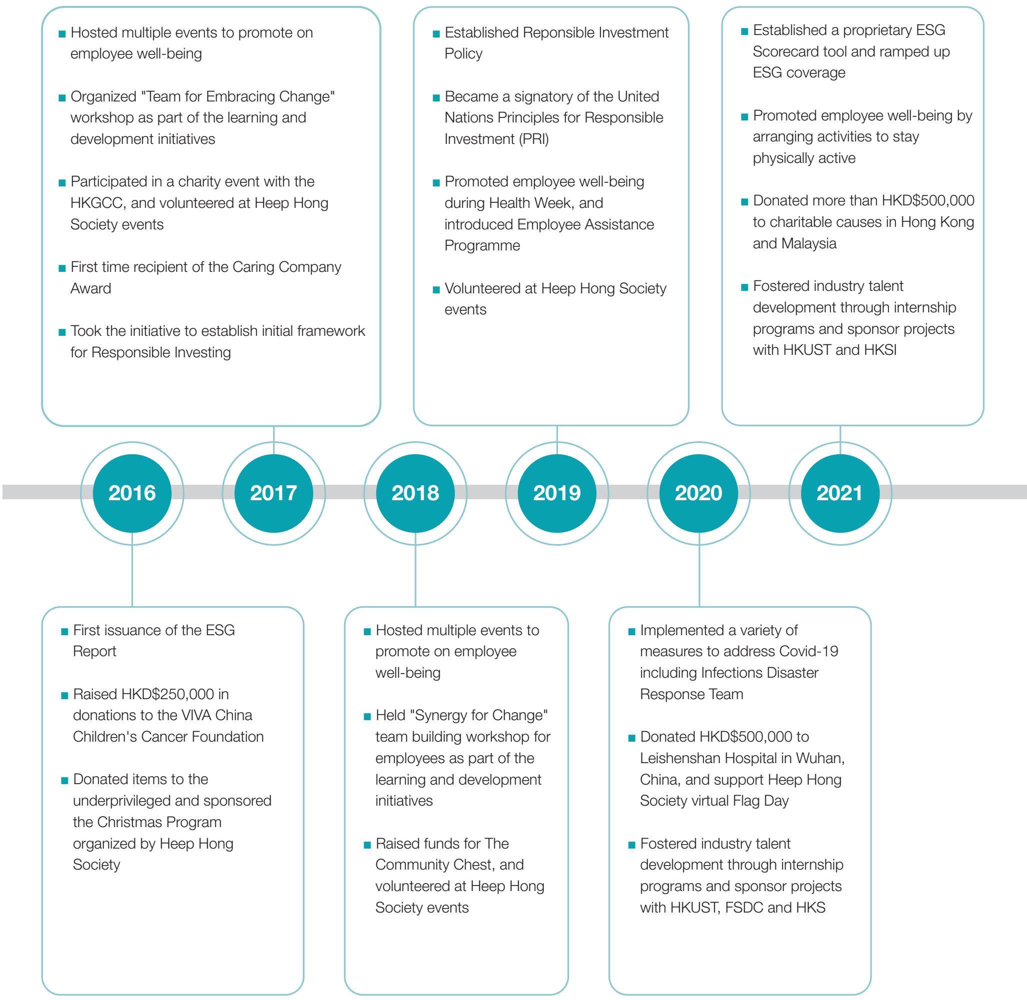
The memorandum and articles of association of the Company is available on the Company's website. For the year ended 31 December 2021, there had been no significant changes to the memorandum and articles of association of the Company.

Environmental, social and governance report

1. About the Report

This is the sixth Environmental, Social and Governance ("ESG") report issued by the Group. The report discloses the sustainability initiatives demonstrated by the Group and in accordance with our reporting obligation under the ESG Reporting Guide set out in Appendix 27 of the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK"). Unless otherwise specified, the time frame of this report is 1 January 2021 to 31 December 2021.

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



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. ESG Governance

The implementation and reporting of ESG initiatives are carried out by the ESG Committee ("the Committee") with approval of the Board of Directors. Within the Committee, there are four main components detailed below.

ESG Governance

Investment Team

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

Compliance and Risk

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

Chief Operating Officer Office (COO Office)

The COO Office is represented by the Senior Director of Operations and the main responsibilities include providing group level ESG statistics, submission of UNPRI and related communications and reviewing third-party ESG service providers.

Sales and Marketing

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

For the current year, the Committee has had discussions on addressing the new requirements of the HKEX ESG Guide as well as articulating their responsible investing policy and ramping up coverage on the Group's investees.

ESG Governance Structure

To nurture a strong ESG culture, the Group provides ESG training to all employees. Three internal ESG training sessions took place in June, October and December this year, which was open to our analysts, sales team and ESG Committee members. More than 130 colleagues attended these training sessions. This training touched on a variety of topics including ESG in relation to asset management funds, the UN Sustainable Development Goals, ESG ratings, ESG funds and the investment process.

b. 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 firmwide involvement in responsible investment practices. Collaborating with multiple functional areas on the integration and implementation of sustainability initiatives throughout the Group is another key area the Board focuses to ensure the ESG programs are carried out successfully and smoothly.

c. Stakeholder Engagement and Materiality Assessment

Value Partners engages with our stakeholders through different means to understand their priorities and needs. In 2021, we have conducted a survey to collect honest and open feedback from our various stakeholders and we plan to conduct our stakeholder engagement survey on an ongoing basis so that we can obtain timely and relevant input for the Group. The key stakeholders for our business include our retail and institutional clients, the community, directors, employees, investors, government bodies and industry professional bodies.

Stakeholder Engagement Model

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

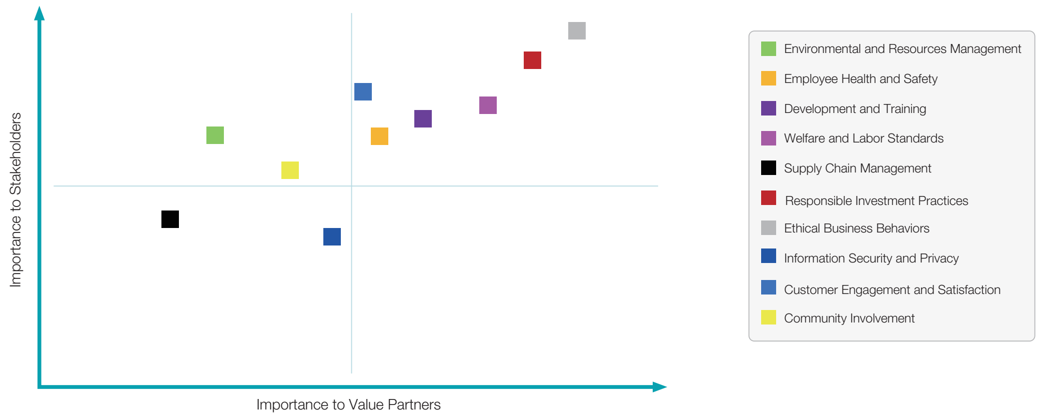
Investors
- Company website
- General meetings
- Investor meetings
- Annual/interim reports
- Announcements

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

Industry professional bodies
- Seminars
- Networking events

The Group has reviewed multiple sustainability reporting and assessment frameworks as well as industry peers both locally and internationally to identify topics and trends relevant to our operations. The materiality matrix indicates the importance of each topic based on the results of the stakeholder engagement survey. Ten sustainability and social aspects have been identified in our exercise as shown in the materiality matrix below.

Value Partners Group Limited Materiality Matrix



Clients	Community	Employees	Investors
• Ethical Business Behaviors • Customer Engagement and Satisfaction • Information Security and Privacy	• Community Involvement	• Employee Health and Safety • Development and Training • Welfare and Labor Standards	• Supply Chain Management • Responsible Investment Practices • Environmental and Resources Management

2. Operating Practices

The Group has been a pioneering force in the Asian asset management industry since we first arrived 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, alignment and to safeguard the interest of our clients, staff remuneration is comprised of a fixed salary, a performance-based bonus and discretionary share options.

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

a. Responsible Investment Practices

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

In addition to the Group's commitment in Responsible Investing, the Group became a signatory of the United Nations Principles for Responsible Investment (PRI) in 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

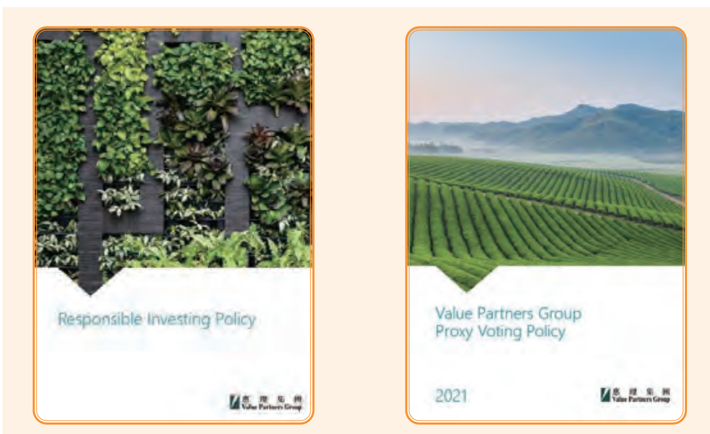
2. To actively incorporate ESG matters into our own policies and practices

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

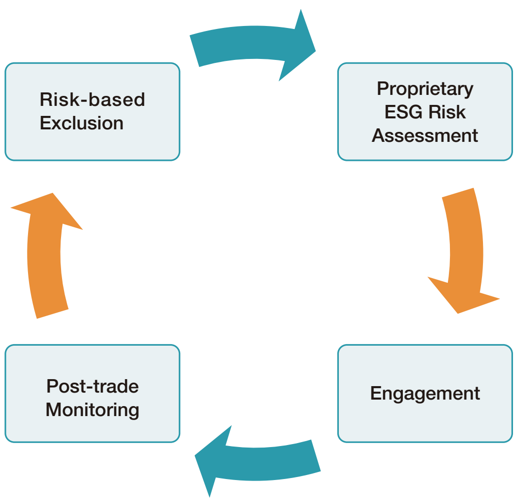


Our Approach to Responsible Investment

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 by developing our Responsible Investing Policy in 2019. We have built and ramped up our ESG proprietary assessment across our portfolios in the current year. The full timeline on establishing the Responsible Investing Policy is as follows:

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

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



1. Risk-based Exclusion: During the initial screening stage of available potential investments in the market, we maintain an exclusion list of companies that significantly violate our ESG principles, regulations and/or do not possess an ESG forward looking mindset. The list is adopted in the Order Management System to ensure no breach of investment guidelines. Based on our research and information gathered, a grade (from AAA to D) will be assigned to a company to indicate the level of ESG risk exposure. Companies with a D rating will fall into our exclusion list that we would rule out of contention for investment.

2. Proprietary ESG Risk Assessment: Proprietary research is the core pillar of our Responsible Investing process. Our proprietary ESG scorecard (scale of 1 being poor to 5 being excellent) considers a breadth of over 30 ESG factors. The elements our ESG analysts take into account in our assessments include investees' ESG policies, board composition, management commitment, revenue dependency on scarce natural resources, level of geographic revenue exposure to strict environmental regulations, labor related incidents, product safety and measurements, social misconduct records, choice of auditor and consistency, record of controversial related party transactions, shareholder structure, share price trading patterns, etc. ESG analysts will refer to sustainability reports of investees and any publicly available information in conducting their research. They are also encouraged to attend external workshops (apart from internal trainings) to gather up to date ESG information.

   Climate risk is also part of our ESG considerations across our strategies. The ESG scorecard is validated and steered by the sector leaders to ensure respective ESG ratings reflect factors that are material. After finalizing the rating, portfolio managers will incorporate the rating as part of their fundamental analysis. Portfolios are targeted with a weighted average of 3 or above (out of 5) rating. Investees with a lower rating are accepted if they are considered as an ESG improver in the medium term. Investees' GHG emissions and their carbon footprint will be tracked to provide us with an idea on how they will adopt climate related initiatives such as the decarbonization process. 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 company management personnel 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 ESG considerations to our investees.

   Climate risk consideration in our real estate private equity investment strategy is important despite taking a different approach in our due diligence process. Real estate assets are by nature immovable in a world that's changing rapidly around them, and therefore, very much exposed to those changes in terms of climate patterns, policy, regulatory trends and tenant expectations. For instance, carbon efficiency of buildings has been increasingly crucial to tenants and governments, including Australia and New Zealand, where regulations are enforced to ensure energy efficiency of the buildings meet respective standards. That said, the team invested to improve electrical systems and water systems within our portfolios and earned the National Australian Built Environment Rating System (NABERS) Energy Rating 4.5 Star. Similarly in Japan, investors are taking note of the economic risks associated with natural disasters especially the earthquake in the country. Thus, we exclude any properties where the Probable Maximum Loss (PML) index is above a preset threshold.

Case study: *How we exercise our ESG scorecard in making an investment decision*

One of our positively-rated ESG investees is a major Chinese EV manufacturer with full-stack capability in designing, developing, manufacturing and marketing mid to high-end electric motor vehicles in China. According to our assessment, the company obtained high ratings from its comprehensive ESG pipelines supported by multiple key performance indicators.

The company has maintained a strong momentum in ESG development for the long term. Environmentally, the company has significantly reduced its carbon emissions by adopting renewable energy, optimizing resources and reusing materials. The company has achieved 100% recycling and reuse rate of recyclable solid waste. Socially, the company has an unwavering commitment to social development with various community engagements along with policy support. With the establishment of five Board committees covering ESG recently, we are optimistic about the company's future ESG development with strong support from management and its governance structure.

Case study: *How we reject an investment with an unsatisfactory ESG scorecard rating*

A poorly-rated ESG company is one of the largest food manufacturers in South East Asia. Based on our research, the company is involved in several ESG controversial incidents and violations, which attributed to a low ESG rating.

As a food manufacturing company, the company is expected to be stringent on food safety for its array of products. In 2021, its instant noodles were recalled in Germany due to findings on the containment of 2-Chlorethanol, posing significant health risks. Socially, the company received public scrutiny over controversial palm oil practices through its shadow subsidiaries. The subsidiary was expelled from the Roundtable on Sustainable Palm Oil (RSPO) Certification Scheme in 2019 that caused the loss of some key customers. Other grade impacting factors include multiple allegations on labor exploitations and environmental harm by the company. We were unable to identify material improvement as respective issues were not properly addressed. Taking all ESG metrics into account, the company has received a low score in our ESG scorecard assessment.

3. Engagement: We discharge our fiduciary duties to our investors through voting on resolutions and proposing shareholder resolutions based on our Proxy Voting Policy, and we maintain frequent communication with investees to discuss ESG issues, encourage sustainability initiatives and influence corporate behaviors. We organize regular meetings with the companies that we invest in to foster our understanding of their business operations, strategy and ESG management. Through this engagement, we promote sustainability and advocate for higher ESG transparency.

Our engagement process:

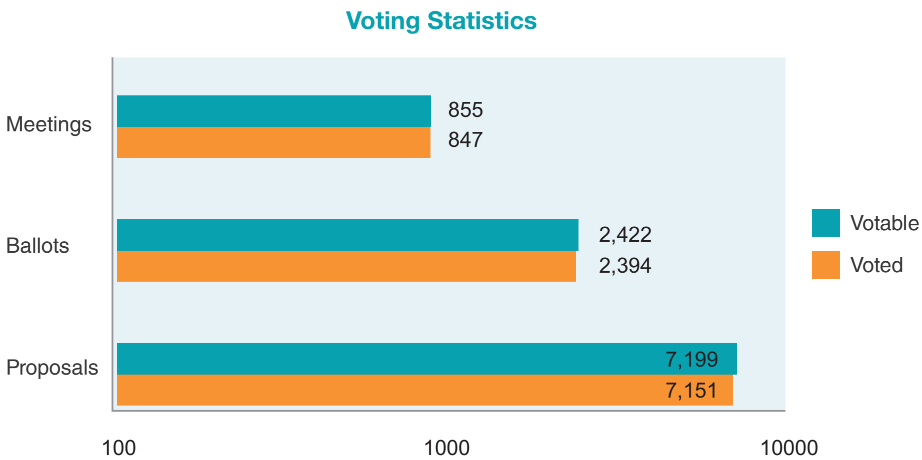
We exercise our voting rights to fulfil our active ownership duties, and incorporate findings from our fundamental research on our investees to vote in a manner that is in the best interest of our investors.

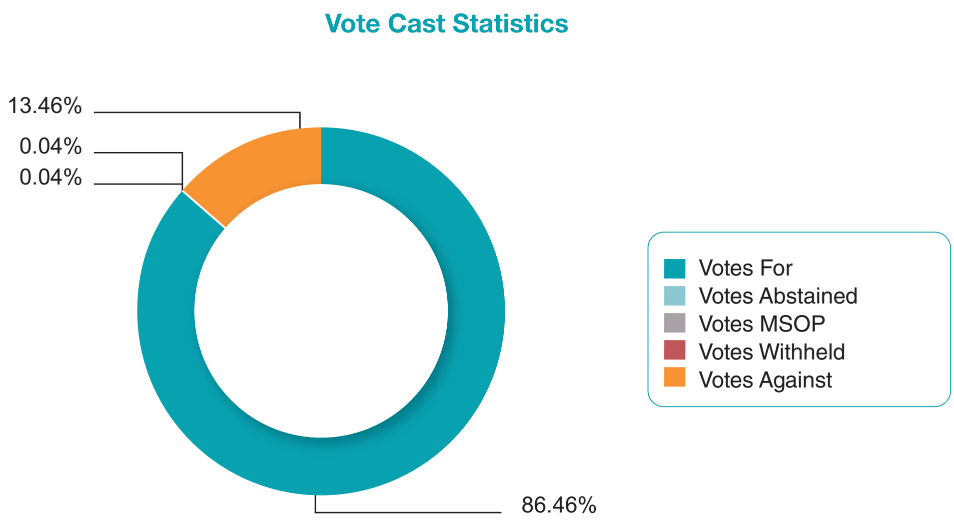
In addition to our commitment to United Nations PRI, the Group's practices align with the Principles of Responsible Ownership issued by the Securities and Futures Commission of Hong Kong, which serves as a guidance to assist investors to determine how best to meet their ownership responsibilities.

In 2021, we:

a. Voted in 99% of the votable meeting;

b. Made 13% of our votes against management recommendations, withheld or abstained in 42% of shareholder meetings;





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

A resolution proposed by one of our investees relates to approval of a grant to issue debt financing instruments. However, management has not specified the purpose for raising the capital through this debt issuance and the mechanism of the convertible bond could potentially dilute the ownership of existing shareholders. Value Partners voted against this resolution resulting from the lack of information and reasoning on the matter.

4. Post-trade Monitoring: Our monthly report summarizes ESG rating breakdowns for each of our portfolios and are sent across to all portfolio managers, Co-Chief Investment Officers and ESG Committee for review. Risk managers will discuss with portfolio managers on any holdings with ESG concerns and ESG Committee meetings will be called if further action is necessary.

For the upcoming year, we plan to further refine our Responsible Investing Policy by continually improving our ESG methodology, tracking our investees' ESG development, exercising our voting rights to influence investees' ESG decisions, enhancing the Responsible Investment integration process, increasing our engagement with investees to obtain timely information, expanding our team and data resources, further investing in ESG strategy and product development, aligning our reporting and disclosures based on the TCFD recommendations and participating in more industry and regulator events in relation to ESG matters.

b. Ethical Business Behaviors

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

The Group has established a Policy on Prevention of Money Laundering and Terrorist Financing Policy and Procedures, which are 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 and tested to ensure compliance with applicable regulations and guidance set out by the Securities and Futures Commission.

Unethical or fraudulent behavior is prohibited. Directors, officers, employees and other representatives are required to adhere to the policy as a condition of their employment and engagement to the Group. In addition, the Code of Ethics clearly states that employees shall act honestly and professionally with due care and diligence to protect clients' best interests and to uphold market expectations on integrity. Conflict of interest will be avoided to the greatest extent and potential conflicts with clients will be disclosed if unavoidable. The Group has stringent controls over staff dealings and all staff dealings are monitored. Aside from the initial holdings report that is submitted within 10 days after onboarding, staff are required to submit a semi-annual holdings report for the Group to identify improper trades or patterns of trading. Any breach of these rules will be scrutinized in detail and may lead to disciplinary action. We formulate and update our internal policies as needed to ensure it fulfils the Securities and Futures Commission's Fund Manager Code of Conduct. In 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 2021, there were no legal cases regarding corrupt practices against our employees or the Group.

During the year, the Group conducted five in-house compliance trainings to update our staff on the latest regulations and requirements. Topics included but were not limited to insider dealing and anti-money laundering. To address the updates on anti-bribery and anti-corruption guidance, we have also added a module to our annual compliance training program to raise awareness on these matters. Attendance rate for the compliance training programs was at 100% in 2021.

Through the Group's whistle-blowing mechanism, staff members are encouraged to report any wrongdoing or suspected misconduct directly to the Chairman of the Audit Committee in confidence. The Group will endeavor to protect the identities of staff and investigate all complaints in a timely manner. Remedial actions are taken against the affirmative case. We are committed to protecting our employees from any form of discrimination, intimidation, reprisal, retaliation or adverse reaction organizationally as a result of reporting their concerns. During the year, there were no such incidents reported.

c. Information Security and Privacy

The Group strives to protect the data privacy of our employees, clients, and business partners, and to comply 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 data protection notice, data protection policy, explanatory memorandum (EM) and service agreement.

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

The importance of information security, especially cybersecurity, has continued to grow within the financial services industry. In addition to the annual risk controls self-assessment 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 by an independent third party to verify that our security standards are aligned with market practice. With these controls and operations in place, there were no data breaches and security incidents identified in 2021.

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

d. Supply Chain Management

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

Our Policy on Procurement 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 principle of fairness and transparency, such bids will require at least two sources of quotations in a fair and open manner.

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

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

e. Customer Engagement and Satisfaction

Retail clients

We meet our clients on a regular basis, whether it be physically at the office or remotely via video calls. Our engagements with our clients include service feedback and we collect their updates on a regular basis to provide more customized service solutions. An intermediary team comprises five sales members who 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 regularly on the work performed.

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

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

During 2021, there were no complaints filed by any of our clients as a result of our exceptional and professional services provided.

3. Employment and Labor Practices

Our ability to provide premium investment strategies and financial services to our clients relies on the ability of 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	2021	2020
Employment Practice			
Total permanent workforce	No. of people	236	226
Total contract workforce	No. of people	7	10
Total workforce by age group			
Under 30	No. of people	61	54
30 – 50	No. of people	160	168
Above 50	No. of people	22	14
Total workforce by gender			
Female	No. of people	116	126
Male	No. of people	127	110
Health and Safety			
Number of work-related fatalities	No. of people	0	0
Work-related fatalities rate	Per employee	0	0
Number of work-related injuries	No. of injuries	0	0
Lost days	Days	0	0

To develop a positive working environment, the Group has adopted various initiatives to keep employees motivated and passionate about their work. Employee performance is reviewed under the multi-dimensional performance evaluation. Besides, 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, our Investment Management team is entitled to the low fixed, high variable compensation to drive rewarding performance-based generation of ideas.

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

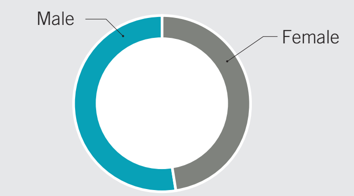
As stipulated in our Code of Conduct, we have zero-tolerance for any forms of harassment and discrimination in the workplace, including race, gender, ethnicity, religion and other legally protected status. The Group has established a grievance mechanism to address and remedy conflicts in the workplace. If our staff 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 Group President, Chief Operating Officer and a number of senior management positions such as General Counsel, Chief Compliance Officer, Managing Director of Marketing and Communications and Managing Director of Risk Management are led by women. We maintained a male to female ratio of employees at 1:0.91 during the year.

Workforce Distribution

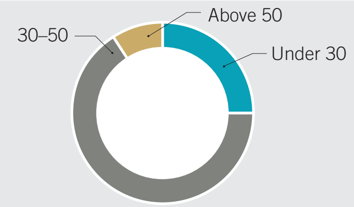
Gender

Male	52.26 %
Female	47.74 %



Age

Under 30	25.10 %
30–50	65.85%
Above 50	9.05%



a. Welfare and Labor Standards

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

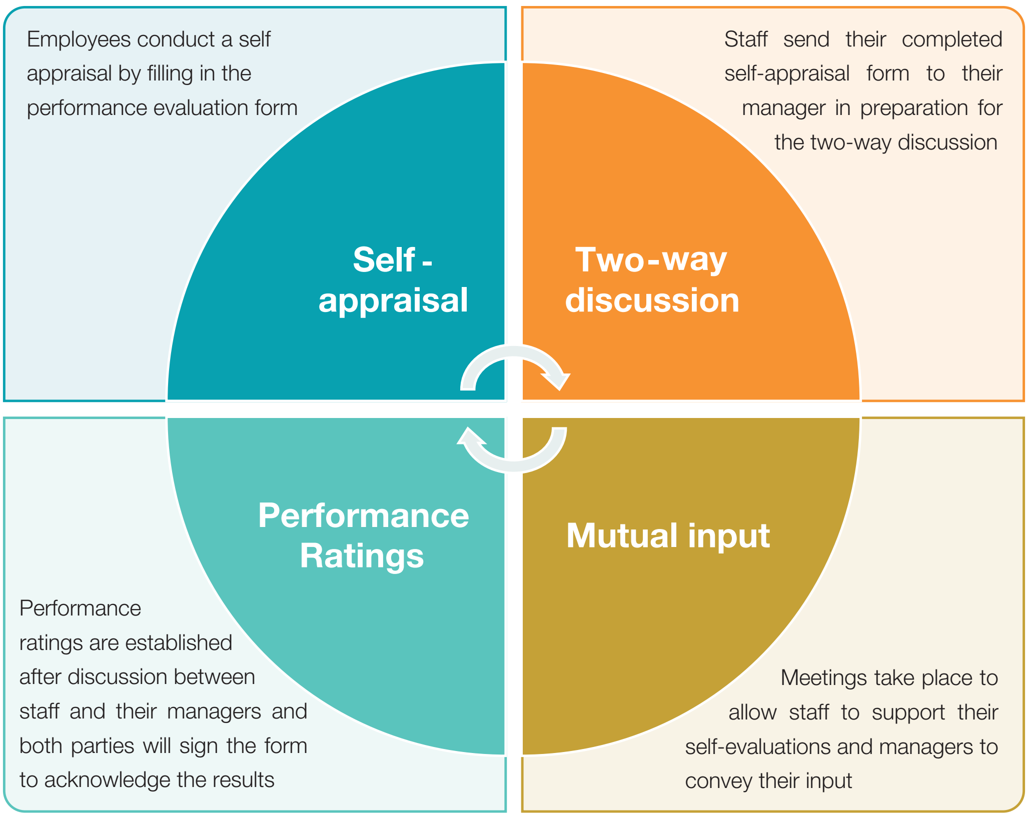
To improve employee welfare and increase their involvement in recreational activities, the Group has established a Recreation Committee which is responsible for initiating and organizing networking activities, internal activities, voluntary services, sports events, recreational workshops and annual dinners for the Group. The Recreation Committee is composed of employees from various departments and opinions and suggestions on employee activities are welcomed from all staff. To promote active living during the Covid-19 pandemic, we have continued to organize the Step Counter Challenge in 2021 whereby our employees tracked their steps for a total of six weeks and the top ten individuals with the most steps received a prize. In addition, the Recreation Committee has arranged a monthly badminton sports night to allow staff to get together and engage in more physical fitness activities beginning in September 2021.

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

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

b. Development and Training

The Group's ability to retain talent relies on our ability to provide good career prospects and personal development. Value Partners emphasizes alignment of interests, recognition for performance and human capital retention. 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.

During the year, two townhalls were organized to update our colleagues on the business strategy and address any questions on the matters discussed. Apart from training workshops, the Group offers secondment programs and job relocation arrangements to provide mobility options and better career development for our employees. Requests made by staff are discussed with their supervisors and an appropriate posting will be decided and arranged accordingly. In 2021, we provided opportunities to Hong Kong office staff to relocate to our other offices including Shanghai and Singapore. This is also in line with our strategy to expand into other regions in Asia.

We arrange in-house and external trainings on soft skills and technical skills on topics such as climate change risk, macroeconomic trends and big data analysis to enable our staff to stay up to date with relevant knowledge. In particular, five compliance training workshops and one ESG training 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 industry talent development

The Group nurtures young talent and offers graduate recruitment campaigns and internship programs. In 2021, we continued to run the Value Partners Young Fellowship Program in partnership with The Hong Kong University of Science and Technology that provides undergraduates studying finance, business, or economics an internship opportunity. As a result of this program, four interns were hired to work at Value Partners in various departments.

Value Partners also collaborated with the Hong Kong Securities and Investment Institute (HKSI) in creating the Wealth and Asset Management Summer Internship Program to promote the industry to students and undergraduates. Through the program, participants gained a better understanding on the full spectrum of functional posts and career prospects in the various subsectors. Value Partners employed two interns under this program during 2021.

c. Health and Safety

The Group is committed to providing a safe workplace to our employees and their health is always our prime concern. Every reasonable safety precaution within the workplace will be considered as means 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 to use of illicit drugs and/or gaming within work premises. In addition, to minimize health and safety risks to employees or their fellow colleagues, they 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. With our efforts in maintaining a safe and injury free workplace, no work-related injuries and fatalities of the Group's employees have been recorded in 2021.

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 detailed Procedures on Fire Evacuation are available at the Administration Department for all relevant premises.

The wellbeing and safety of our employees is always our utmost priority. The Group has closely monitored the situation and taken timely measures under the oversight of the Infections Diseases Response Team during the Covid-19 pandemic. The Infections Diseases Response Team meets up on a daily basis to discuss any updates on social distancing measures and the severity of the virus by referencing to appropriate news outlets. We strive to provide adequate care and ensure safety of our employees while maintaining our business operations to the greatest extent to uphold professional service. The Group has since developed a work-from-home policy and supported flexible work arrangements to practice social distancing. Protective equipment such as masks and hand sanitizers are also actively sourced to support our employees throughout the pandemic. Furthermore, we offer corporate social responsibility leave to all Hong Kong-based staff to encourage them to take the Covid-19 vaccine and increase the overall vaccination rate within our workplace. Apart from prevention measures taken against Covid-19, flu vaccine coupons are available to all staff who wish to receive their flu shots. During the year, 130 flu vaccine coupons were distributed to our employees.

4. Community involvement

We envision to be a responsible corporate citizen, therefore, the Group dedicates resources to those who are in need within our community. We begin with the upbringing of our children, who are the future pillars of society. We believe that all children should be cared for and be provided with adequate educational opportunities. Dato' Seri Cheah Cheng Hye, our Co-Chairman and Co-Chief Investment Officer, was involved as the keynote speaker at the Chinese University of Hong Kong and the London Business School's Asset Management Conference 2021 to communicate with students on effective investing. These events enables students to connect with investment professionals in the asset management industry and obtain valuable insights about this line of work.

Our employees are encouraged to volunteer at organizations promoting child welfare and to nurture young talent. One-day paid volunteer leave is granted every year to colleagues who participate in such meaningful activities. The Group also sponsors community activities and donates to charitable organizations. We have contributed over HK$500,000 donations to various causes relating to education, environment, health and culture in our communities. During the year, the Group continues its long-standing support for Heep Hong Society, which provides professional training and education to children and youth with different abilities and their families and to develop their potential. Some of the events we were involved in include the Heep Hong Flag Day and the Virtual Sports Day where we provided donations and volunteers at the events.

Apart from monetary contributions and participating in charity events, Value Partners is an active member in promoting ESG within the community. We participated in the Investor Relations Annual Symposium held by the Hong Kong Investment Funds Association (HKIFA) to share insightful advice on fostering ESG culture from a corporate perspective in 2021. Furthermore, we are part of the ESG working group of the HKIFA that regularly discusses regulatory developments in Hong Kong and provides opinions on challenges and practices of industry peers, which are then shared to regulatory bodies like the Hong Kong Securities and Futures Commission.

5. Awards and recognitions

We have received awards and recognitions for our efforts in following environmentally sustainable work practices, providing a positive workplace for our employees and demonstrating quality professional services to our valued clients. Below are the accolades received during the year:

- Happy Company 2021 awarded by the Promoting Happiness Index Foundation that recognizes Value Partners as an organization focusing on building pleasant working environments for employees in Hong Kong

- Caring Company 2021 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

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

- 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

- Awarded with the Best ESG (Governance) by Hong Kong Investor Relations Association (HKIRA)

- Best Customer Experience Award by Futu Money Plus Awards 2021

6. 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 minimizing 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. Two types of climate risks that are 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:

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[1]

	Unit	2021	2020
Greenhouse gas (GHG) emissions[2] and intensity within the Group			
Direct GHG emissions (Scope 1[3])	tonnes of CO_2 equivalent (tonnes CO_2e) tonnes	5.3	5.8
Direct GHG emissions (Scope 1) intensity	CO_2e/employee	0.02	0.02
Indirect GHG emissions (Scope 2[4])	tonnes CO_2e	342.0*	377.7*
Indirect GHG emissions (Scope 2) intensity	tonnes CO_2e/employee	1.4*	1.4*
Energy consumption and intensity within the Group			
Electricity consumption	MWh	510*	468*
Electricity intensity	MWh/employee	2.1*	2.0*
Fuel consumed within the Group			
Gasoline consumption	litre	2,315.2	2,097.0
Resources consumed within the Group			
Paper	tonnes	2.0*	2.4*
Toner cartridges	pieces	243*	146*
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	4.1	4.3
Plastic	kg	38.8	36.9
Toner cartridges	pieces	170*	87*

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

Due to the expansion of the Shanghai office, metrics like toner cartridges recycled and consumed and electricity consumption have increased significantly. Another contributing factor is the vaccination rollout that has reduced the adverse effects of the Covid-19 pandemic and enabled our employees to resume their duties at the office. This led to an increase in some of the metrics reported compared to 2020 where work from home arrangements persisted for most employees.

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

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

3 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.

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

b. Environmental and Resources Management

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

In 2021, the Group recycled 4,057 kg of waste paper, which reduced 19,474 kg of carbon dioxide emissions. As such, we received the certification of CO_2 reduction in paper-recycling presented by Confidential Materials Destruction Service Limited. We have engaged a third party to donate and recycle used office electrical equipment. The electronics collected and recycled at our Hong Kong office consisted of 18 pieces of network equipment, 5 monitors, 10 servers, 55 personal computers, 2 tape drives and 33 printers.

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 team who is responsible for developing waste management policies that are currently in place. With these goals in mind, Value Partners has implemented a series of energy and resources conservation initiatives such as installing T5 fluorescent tubes with high energy efficiency and switching off office lighting, air conditioners, air purifiers and other electric appliances when they are not in use. Certain electrical equipment and lighting are also automatically controlled with timers after office hours to reduce energy use. Moreover, air conditioner filters and drainage conduits are maintained monthly to ensure they are operating in an energy efficient manner. Our Hong Kong office participated in Earth Hour 2021 to raise awareness about energy conservation by turning off non-essential lights for one hour. Water conservation initiatives have also been promoted and implemented in our daily operations. Green procurement is especially emphasized when it comes to purchasing stationery including acquiring Post-It Greener Notes that are made with 67% plant based adhesives and 100% recyclable material, FSC certified paper and ink pen refills to reduce plastic waste. When office items such as chairs, cabinets, box files and stamp machines are damaged, we have a dedicated team to repair these items to extend their product life and minimize waste.

The Group utilizes the Employee Self-service (ESS) platform that offers an online E-leave system for our employees to replace paper application forms, hence reducing the use of paper. In our offices, all printers are set to print on both sides by default to conserve paper. Moreover, we recycle where possible and send used materials such as paper and toner cartridges to authorized dealers for recycling.

In addition to our own initiatives taken at the workplace, we have participated in green events organized by property management including the Community Smart Recycling Vehicle Visit to provide information on smart recycling, Mooncake Boxes Recycling Program to collect and recycle metal or paper mooncake boxes and Computer & Communication Products Recycling Program to gather and recycle used electronics.

Furthermore, we include environmental considerations when selecting properties for our office locations. An example is our Hong Kong office, which occupies a building that has signed the Energy Saving Charter and 4T (Target, Timeline, Transparency and Together) Charter issued by the Environment Bureau of the HKSAR government, which address energy use and setting energy saving targets.

With the various initiatives undertaken by the Hong Kong office, we continue to be recognized as a Hong Kong Green Organisation member by the Environmental Campaign Committee during 2021.

CO_2 saved from paper conservation

tonnes of CO_2 equivalent **19.5**

Toner cartridges recycled in 2021 grew **95.4%**

Plastic recycled in 2021 grew **5.1%**

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KPI A2.5	Total packaging material used for finished products	Not applicable – As an asset management firm, we do not consume significant amount of packaging materials for finished goods	Not applicable

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Aspect B5: Supply Chain Management			
General Disclosure	Disclosure statement	Supply Chain Management	69
KPI B5.2	Practices relating to engaging suppliers and number of suppliers engaged	Supply Chain Management	69
Aspect B6: Product Responsibility			
General Disclosure	Disclosure statement	Operating Practices	61-70

Indicators		Chapter/Statement	Page
KPI 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	Not applicable
KPI B6.5	Consumer data protection and privacy policies	Protecting Data Privacy	68-69
Aspect B7: Anti-corruption			
General Disclosure	Disclosure statement	Ethical Business Behaviors	67-68
KPI 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	Not applicable
KPI B7.2	Preventive measures and whistle-blowing procedures	Ethical Business Behaviors	67-68
Aspect B8: Community Investment			
General Disclosure	Disclosure statement	Community Involvement	75-76
KPI B8.1	Focus areas of contribution	Community Involvement	75-76
KPI B8.2	Resources contributed to the focus area	Community Involvement	75-76

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 91 to 150, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 and loan note
- Valuation of investments funds that are categorised within level 3 of the fair value hierarchy

Key Audit Matter	How our audit addressed the Key Audit Matter
Fee income recognition	
For the year ended 31 December 2021, the Group has recognised fee income of HK$1,281.6 million, which primarily includes management fees of HK$926.7 million and performance fees of HK$200.5 million. We focused on this area due to the significance of the amount and the risks arising from the manual process involved in fee income recognition. The calculation of management fee and performance fee income is largely a manual process and there is an inherent risk of material misstatement due to the following: a) Interpretation of contractual terms from the relevant prospectus or investment management agreements; b) Manual input of key contractual terms and fee rates in relevant spreadsheets; and c) Manual input of details of assets under management obtained from the third party administrators. The Group's disclosures of fee income are detailed in note 6 to the consolidated financial statements.	Our work included an assessment and testing of management's key controls on fee income recognition: 1. We evaluated and tested the key controls in place over the calculation of management fee and performance fee income; 2. We evaluated the independent internal control reports issued by relevant third party administrators; and 3. We evaluated 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 contractual terms and agreed the fee rates against the contractual terms from the relevant prospectus or investment management agreements; 2. We checked the accuracy of the records of assets under management by examining relevant third party custodian statements; 3. We checked the mathematical accuracy of the fee calculations; and 4. We checked the settlement of the fee income. We assessed the adequacy of the disclosures related to the valuation of investment funds in the context of the applicable financial reporting framework. No material issues arose from the above testing.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter

Valuation of investments in investment properties and loan note

As at 31 December 2021, the Group held interests in a loan note and 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 in a loan note, which is related to an underlying investment property, accounted for at fair value through profit or loss amounting to HK$691.0 million;

b) investments in two joint ventures, accounted for under the equity method amounting to HK$424.0 million, which included an assessment of the fair value of the joint ventures' underlying investment properties; and

c) an investment property accounted for at fair value through profit or loss, amounting to HK$190.6 million.

The determination of the fair value of the loan note and investment properties requires significant management judgment.

The valuation of the loan note was determined using discounted cash flow analysis, which is dependent on certain key assumptions that require significant management judgment. During the year ended 31 December 2021, a new independent external valuer was appointed for the valuation of the underlying investment property of the loan note.

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 rent.

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 elevated 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 loan note, joint ventures and investment property are detailed in note 4.3, note 16 and note 18 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 loan note and investment properties. 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 evaluated the appropriateness of the valuation methodologies and the key assumptions used by management for the investments in loan note and investment properties;

2. We obtained the valuation for the loan note and assessed the reasonableness of key assumptions used and checked, on a sample basis, the accuracy of key inputs used by management in the discounted cash flow analysis such as discount rate and the underlying valuation of investment properties;

3. We evaluated the competence, capability and objectivity of the independent external valuers; and

4. We obtained the valuation reports for the investment properties and assessed the reasonableness of key assumptions used and checked, on a sample basis, the accuracy of key inputs used in the valuation process, agreeing the lease terms to tenancy agreements and other supporting documents and comparing the capitalization rates used with an estimated range of expected yields, determined by reference to published benchmarks and market information.

We assessed the adequacy of the disclosures related to the valuation of investments in loan note and 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 funds that are categorised within level 3 of the fair value hierarchy	
As at 31 December 2021, financial instruments measured at fair value of the Group included HK$146.5 million investments in 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$141.6 million; and b) an investment fund managed by an external fund manager, which invested in private equity instruments, amounting to HK$4.9 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 2021. Valuation techniques include market approaches using prices or other relevant information generated by market transactions involving identical or comparative assets or liabilities such as net asset values as provided by the relevant fund administrators. Where the investment funds are closed-ended or there were no recent transactions on the investment funds, the Group reviews the valuations of the underlying investments held by the respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as it considers appropriate. We focused on the valuation of the investment funds due to the significance of the amounts and high degree of estimation uncertainty. The inherent risk in relation to valuation of the investment funds is considered elevated 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 21 to the consolidated financial statements.	Our work included an assessment of management's key controls over the valuation of the investments: 1. We obtained an understanding of management's internal control and assessment process of the valuation methodologies and the process employed by management with respect to determining the fair values of the investment funds. 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 assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as the complexity, subjectivity and changes of the valuation methodologies and the susceptibility to management bias or fraud; 2. We obtained independent confirmations from the relevant fund administrators to confirm the investment funds' net asset values as at 31 December 2021; and 3. On a sample basis, we reviewed the additional procedures performed by management to assess the appropriateness of adopting the net asset value of the investment funds as a basis in determining the fair value of the investment funds. We assessed the adequacy of the disclosures related to the valuation of investment funds in the context of the applicable financial reporting framework. Based on the above, we considered that management's judgements and assumptions applied in the valuation of these investments were supportable by the evidence obtained and procedures performed.

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Marie-Anne Sew Youne, Kong Yao Fah.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2022

Consolidated statements of comprehensive income

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Income			
Fee income	6	1,281,649	2,561,449
Distribution fee expenses		(526,235)	(510,820)
Net fee income		755,414	2,050,629
Other income	7	125,555	82,681
Total net income		880,969	2,133,310
Expenses			
Compensation and benefit expenses	8	(389,543)	(672,911)
Operating lease rentals		(8,008)	(9,086)
Depreciation of right-of-use assets – properties		(23,748)	(31,145)
Other expenses	9	(99,374)	(111,672)
Total expenses		(520,673)	(824,814)
Operating profit (before other gains/losses)		360,296	1,308,496
Net gains on investments		112,644	257,608
Fair value gain of an investment property	18	18,460	–
Net foreign exchange (losses)/gains		(20,068)	6,076
Others		–	50
Other gains – net	10	111,036	263,734
Operating profit (after other gains/losses)		471,332	1,572,230
Finance costs		(3,968)	(3,450)
Share of gains of joint ventures	16	40,530	32,471
Profit before tax		507,894	1,601,251
Tax expense	11	(50,081)	(221,776)
Profit for the year attributable to owners of the Company		457,813	1,379,475
Other comprehensive income for the year			
– Items that have been reclassified or may be subsequently reclassified to profit or loss			
Foreign exchange translation	26	12,836	43,531
Other comprehensive income for the year	12	12,836	43,531
Total comprehensive income for the year attributable to owners of the Company		470,649	1,423,006
Earnings per share attributable to owners of the Company (HK cents per share)			
Basic earnings per share	13.1	24.7	74.4
Diluted earnings per share	13.2	24.6	74.4

The notes on pages 95 to 150 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	17	192,106	193,928
Right-of-use assets		46,292	14,627
Investment property	18	190,572	181,000
Intangible assets	19	14,930	16,360
Investments in joint ventures	16	424,039	342,229
Deferred tax assets	29	1,538	1,095
Investments	21	2,820,414	1,876,413
Other assets		8,838	2,654
		3,698,729	2,628,306
Current assets			
Investments	21	25,601	17,252
Fees receivable	23	190,060	1,495,304
Amounts receivable on sale of investments		–	139,500
Tax receivable		59,936	–
Prepayments and other receivables		30,079	44,043
Cash and cash equivalents	24	1,665,937	1,974,408
		1,971,613	3,670,507
Current liabilities			
Accrued bonus		129,192	384,559
Distribution fee expenses payable	27	92,020	109,773
Borrowing	28	–	86,499
Other payables and accrued expenses		44,926	64,754
Lease liabilities		19,771	12,457
Current tax liabilities		–	170,768
		285,909	828,810
Net current assets		1,685,704	2,841,697
Non-current liabilities			
Accrued bonus		11,166	51,186
Borrowing	28	82,634	–
Lease liabilities		25,878	775
		119,678	51,961
Net Assets		5,264,755	5,418,042
Equity			
Equity attributable to owners of the Company			
Issued equity	25	1,385,078	1,407,105
Other reserves	26	83,130	296,588
Retained earnings		3,796,547	3,714,349
Total equity		5,264,755	5,418,042

On behalf of the Board

SO Chun Ki Louis
Director

HO Man Kei, Norman
Director

The notes on pages 95 to 150 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2021

	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 2020		1,407,105	242,439	2,739,900	4,389,444
Profit for the year		–	–	1,379,475	1,379,475
Other comprehensive income					
Foreign exchange translation	26	–	43,531	–	43,531
Total comprehensive income		–	43,531	1,379,475	1,423,006
Transactions with owners in their capacity as owners					
Share-based compensation	25, 26	–	13,710	–	13,710
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options	26	–	(3,092)	3,092	–
Dividends to owners of the Company		–	–	(408,118)	(408,118)
Total transactions with owners in their own capacity as owners		–	10,618	(405,026)	(394,408)
As at 31 December 2020		1,407,105	296,588	3,714,349	5,418,042
As at 1 January 2021		1,407,105	296,588	3,714,349	5,418,042
Profit for the year		–	–	457,813	457,813
Other comprehensive income					
Foreign exchange translation	26	–	12,836	–	12,836
Total comprehensive income		–	12,836	457,813	470,649
Transactions with owners in their capacity as owners					
Shares repurchase	25	(22,027)	–	–	(22,027)
Share-based compensation	25, 26	–	28,819	–	28,819
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options	26	–	(255,113)	255,113	–
Dividends to owners of the Company		–	–	(630,728)	(630,728)
Total transactions with owners in their own capacity as owners		(22,027)	(226,294)	(375,615)	(623,936)
As at 31 December 2021		1,385,078	83,130	3,796,547	5,264,755

The notes on pages 95 to 150 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Net cash generated from operations	31	1,304,093	252,514
Interest received from cash and cash equivalents		22,713	21,472
Interest received from financial assets at fair value through profit or loss		30,071	32,022
Tax paid		(281,228)	(93,156)
Net cash generated from operating activities		1,075,649	212,852
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(8,445)	(8,782)
Disposal of property, plant and equipment and intangible assets		–	529
Purchase of investments		(859,066)	(942,589)
Acquisition of a joint venture	16	(88,150)	–
Capital redemption and return of shareholders' loan	16	33,272	8,746
Disposal of investments		152,744	917,760
Dividends received from investments		49,991	11,039
Dividends received from a joint venture	16	13,598	–
Net cash used in investing activities		(706,056)	(13,297)
Cash flows from financing activities			
Dividends paid		(630,728)	(408,118)
Share repurchase	25	(22,027)	–
Principal and interest elements of lease payments	31	(23,877)	(29,539)
Interest expense on borrowing		(2,286)	(2,111)
Net cash used in financing activities		(678,918)	(439,768)
Net decrease in cash and cash equivalents		(309,325)	(240,213)
Net foreign exchange gains on cash and cash equivalents		854	13,843
Cash and cash equivalents at beginning of the year		1,974,408	2,200,778
Cash and cash equivalents at end of the year		1,665,937	1,974,408

The notes on pages 95 to 150 are an integral part of these consolidated financial statements.

1 General Information

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

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

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 10 March 2022.

2 Summary of Significant Accounting Policies

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

2.1 Basis of preparation

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

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

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The Group also elected to adopt the following amendments early:

- Annual Improvements to HKFRS Standards 2018-2020 Cycle,
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12, and
- Covid-19-Related Rent Concessions beyond 30 June 2021.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

New standards issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted

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.

2.2 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.

2 Summary of Significant Accounting Policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(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.

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

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

(e) Changes in ownership interests

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(f) Structured entities

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

2.3 Business combinations

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

Acquisition-related costs are expensed as incurred.

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

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

2.4 Separate financial statements

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

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

2 Summary of Significant Accounting Policies (continued)

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Translation from functional currency to presentation currency

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.6 Foreign currency translation (continued)

(d) Disposal of foreign operation

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

2.7 Property, plant and equipment

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

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.8 Intangible assets

(a) Goodwill

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

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

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

(b) Computer software

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

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

(c) Others

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

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

2.9 Investment properties

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

2 Summary of Significant Accounting Policies (continued)

2.10 Impairment

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

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

(b) Impairment of financial assets

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

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

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

2.11 Investments and other financial assets

Classification

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

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

Recognition and derecognition

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

Measurement

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

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

2 Summary of Significant Accounting Policies (continued)

2.11 Investments and other financial assets (continued)

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

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

- The Group subsequently measures all equity investments at FVPL.

- Changes in the fair value of the financial assets at FVPL are recognized in other gains/losses in the consolidated statement of comprehensive income.

- Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

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

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/losses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/losses.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/losses in the period in which it arises.

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

2.12 Derivative financial instruments

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

2 Summary of Significant Accounting Policies (continued)

2.13 Offsetting financial instruments

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

2.14 Fees receivable

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

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and brokers with original maturities of three months or less.

2.16 Share capital

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

2.17 Current and deferred tax

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.18 Revenue recognition

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

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

(a) Fee income from investment management activities

Management fees are recognized as the services are performed over time and are primarily based on agreed upon percentage of the net asset values of the investment funds and managed accounts.

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

(b) Fee income from fund distribution services

Front-end fees relating to the distribution services are recognized when the services are performed.

(c) Interest and dividend income

Interest income from financial assets measuring at amortized cost is recognized on a time-proportion basis using the effective interest method. Interest income from financial assets measuring at FVPL is related to the rental income of the underlying property of the loan note. Dividend income is recognized when the right to receive payment is established.

2.19 Distribution fee expenses

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

2 Summary of Significant Accounting Policies (continued)

2.20 Compensation and benefits

(a) Bonus

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

(b) Share-based compensation

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

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

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

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

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

(c) Pension obligations

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

(d) Other employee benefits

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

2 Summary of Significant Accounting Policies (continued)

2.21 Borrowing

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

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

2.22 Borrowing costs

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

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

2.23 Leases

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.23 Leases (continued)

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

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

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

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

2.24 Dividend distribution

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

2.25 Contingent liabilities and contingent assets

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

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

3 Critical Accounting Estimates and Judgements

3.1 Valuation of investment properties held directly or through 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.

Impact of COVID-19

When the Group has sought assistance from external valuers, the Group verifies major inputs in the external valuation reports, assesses property valuation movements and holds discussions with the external valuers including the impact of COVID-19. 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.

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	
	2021	2020	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Australian dollar	+/– 5%	+/– 5%	+/– 60,092	+/– 28,496	–	–
New Zealand dollar	+/– 5%	+/– 5%	+/– 5,326	+/– 4,836	–	–
Pound sterling	+/– 5%	+/– 5%	+/– 7,049	+/– 2,023	–	–
Renminbi	+/– 5%	+/– 5%	+/– 27,479	+/– 6,704	+/– 25,354	+/– 27,702
Singapore dollar	+/– 5%	+/– 5%	+/– 2,843	+/– 833	–	–

Refer to Notes 21, 23, 24, 27 and 28 for additional disclosures on foreign exchange exposure.

(b) Interest rate risk

Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from cash and cash equivalents and borrowing, which are interest-bearing at variable rates. The management monitors the interest rate exposure on a continuous basis and adjust the portfolio of bank saving balances, bank deposits and borrowing when necessary. As at 31 December 2021, if interest rates had been 50 basis points (2020: 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$685,000 higher/lower (2020: HK$1,552,000 higher/lower). The sensitivity analysis for the years ended 31 December 2021 and 2020 was primarily arising from the increase/decrease in interest income on cash and cash equivalents and interest expense on borrowings.

Fair value interest rate risk

The Group's fair value interest rate risk arises primarily from loan note, which is financial asset at FVPL. The Group considered that fair value interest rate risk is insignificant as at 31 December 2021 and 2020. Therefore, no sensitivity analysis has been prepared.

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 the Group's investments moved according to the historical correlation with the index.

	Change		Post-tax profit	
	2021	2020	2021 HK$'000	2020 HK$'000
MSCI China Index	**+/– 10%**	+/– 10%	**+/– 53,535**	+/– 41,931

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 21 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 and investment in loan note. 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.

	2021 HK$'000	2020 HK$'000
AA-	114,541	65,530
A+	–	17,134
A	727,007	1,212,850
A-	196,503	132,944
BBB+	446,687	315,779
BBB	182,012	231,102
Unrated	3,357	2,667
	1,670,107	1,978,006

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

Investment in Loan note

For the investment in loan note, the change of the credit quality is reflected in the fair value. As at 31 December 2021, total unrealized gains amounting to HK$214 million are recognized in profit or loss for the investment in loan note (2020: HK$37 million).

Fees receivable

As at 31 December 2021, fees receivable including management fees, performance fees and front-end fees from the five major investment funds and managed accounts amounted to HK$153,931,000 (2020: HK$1,268,157,000), which accounted for 81% (2020: 85%) of the total outstanding balance. Refer to Note 23 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 2021 or 31 December 2020 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.

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 are recognized as at 31 December 2021 and 2020 respectively.

4 Financial Risk Management (continued)

4.1 Financial risk factors (continued)

(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 2021, the Group held liquid assets of HK$1,665,937,000 (2020: HK$1,974,408,000), being cash and cash equivalents, that are expected to readily generate cash inflows for managing liquidity risk.

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

	2021			2020		
	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	2,155,013	–	691,002	1,416,802	–	476,863
Fees receivable	–	190,060	–	–	1,495,304	–
Amounts receivable on sale of investments	–	–	–	–	139,500	–
Prepayments and other receivables	–	21,763	–	–	30,818	–
Cash and cash equivalents	305,250	1,360,687	–	442,152	1,532,256	–
	2,460,263	1,572,510	691,002	1,858,954	3,197,878	476,863
Liabilities						
Distribution fee expenses payable	–	(92,020)	–	–	(109,773)	–
Other payables	–	(11,197)	–	–	(19,447)	–
Borrowing	–	(2,558)	(84,659)	–	(88,184)	–
Lease liabilities	–	(21,261)	(26,911)	–	(12,648)	(724)
	–	(127,036)	(111,570)	–	(230,052)	(51,910)
Cumulative gap	2,460,263	1,445,474	579,432	1,858,954	2,967,826	424,953

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 borrowing, the Group is required to comply with certain financial covenants. The Group has complied with the covenants of the borrowing throughout the year.

During the year ended 31 December 2021, 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 2021 and 2020.

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 2021 and 2020.

Value Partners Investment Management (Shanghai) Limited, a wholly owned subsidiary of the Group, has been registered with the Asset Management Association of China ("AMAC") as a private fund management firm on 9 November 2017. The entity is subject to and complied with the paid-up capital requirements under the AMAC during the years ended 31 December 2021 and 2020.

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 2021 and 2020.

Value Partners Asset Management Malaysia Sdn. Bhd., a wholly owned subsidiary of the Group, holds a Capital Markets 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 2021 and 2020.

	Types of regulated activities [b]
Sensible Asset Management Hong Kong Limited [a]	Types 4 and 9
Sensible Asset Management Limited [a]&[c]	Types 1[c], 4 and 9
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 Investment Management (Shanghai) Limited	Private Fund Management
Value Partners (UK) Limited	Providing Regulated Products and Services
Value Partners Asset Management Malaysia Sdn. Bhd.	Fund Management

4 Financial Risk Management (continued)

4.2 Capital risk management (continued)

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

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

(c) Sensible Asset Management Limited obtained Type 1 license on 2 November 2021.

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	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Investments (Note 21)								
Listed securities	446,071	239,385	–	–	7,780	–	453,851	239,385
Unlisted securities								
Loan note – Australia	–	–	–	–	691,002	476,863	691,002	476,863
Equity securities	–	–	1,685	1,300	–	–	1,685	1,300
Investment funds	–	–	1,553,000	957,414	146,477	218,703	1,699,477	1,176,117
Sub-total	446,071	239,385	1,554,685	958,714	845,259	695,566	2,846,015	1,893,665

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 2021				Year ended 31 December 2020			
	Listed securities HK$'000	Unlisted securities – investment funds HK$'000	Unlisted securities – loan note HK$'000	Total HK$'000	Listed securities HK$'000	Unlisted securities – investment funds HK$'000	Unlisted securities – loan note HK$'000	Total HK$'000
As at 1 January	–	218,703	476,863	695,566	–	204,460	439,777	644,237
Addition	–	265	–	265	–	1,164	–	1,164
Transfer	7,780	–	–	7,780	–	–	–	–
(Losses)/gains recognized in profit or loss and included in net gains on investments	–	(72,491)	214,139	141,648	–	13,079	37,086	50,165
As at 31 December	7,780	146,477	691,002	845,259	–	218,703	476,863	695,566
Change in unrealized (losses)/gains for level 3 instruments held at year end and included in profit or loss and net gains on investments	–	(72,491)	214,139	141,648	–	13,079	37,086	50,165

As at 31 December 2021, the level 3 instruments include one (2020: Nil) suspended listed security, two investment funds (2020: two) and a loan note with a related call option (2020: same) (Note 21).

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 2021, 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.

As at 31 December 2021 and 2020, the investment funds were stated with reference to the net asset values provided by the relevant administrators of the investment funds.

4 Financial Risk Management (continued)

4.3 Fair value estimation (continued)

During the year ended 31 December 2021, the addition of level 3 investment funds amounting to HK$265,000 (2020: HK$1,164,000) represents a capital contribution of an existing private equity fund.

There was a transfer from level 1 to level 3 of a listed security in the fair value measurement hierarchy due to the suspension of that listed security during the year ended 31 December 2021. There were no transfers between levels of the fair value measurement hierarchy for the year ended 31 December 2020.

As level 3 investment funds are closed-ended, the Group reviews the valuations of the underlying investments held by respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as they consider appropriate.

As at 31 December 2021 and 2020, the loan note with a related call option was valued using discounted cash flow analysis with expected market yield of 5.125% (the discount rate) (2020: 5.25%) as the unobservable input. Sensitivity analysis is not presented as a reasonable possible shift in the discount rate would not result in significant change in the fair value of the loan note.

The underlying investment of the loan note represents an Australian office building. The Australian office building was valued by an independent professional valuer. Fair value of the Australian property is also included in the discounted cash flow analysis of the loan note. Unobservable input used in deriving the fair value of the Australian property includes capitalization rate of 4% (2020: 5%) used in the income capitalization approach for the valuation of the Australian property. With other variable(s) held constant, the lower the rate, the higher the fair value. Effective market rent used in the income capitalization approach for the Australian property is AUD1,202 per square meter (2020: AUD1,120 per square meter). With other variable(s) held constant, the higher the market rents, the higher the fair value. As at 31 December 2021, with other variable(s) held constant, a reasonable possible shift in capitalization rate in deriving the fair value of the Australian property by +/-0.5% on 4% will result in (decrease)/increase in the fair value of the loan note by (HK$89.2 million)/HK$133.7 million. With other variable(s) held constant, a reasonable possible shift in the market rents in deriving the fair value of the Australian property by +/-10% on AUD1,202 per square meter will result in increase/(decrease) in the fair value of the loan note by HK$100.3 million/(HK$78.0 million).

Other than the loan note mentioned above, the Group considers that the change in the input to the valuation models disclosed above would not have a significant effect on the consolidated financial statements. No quantitative analysis has been presented.

The carrying amount of borrowing recorded at amortized cost in the consolidated financial statements approximate its 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 2021 and 2020. 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 is measured in a manner consistent with that in the consolidated financial statements.

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of 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$94,247,000 (2020: HK$30,437,000) 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.

	2021 HK$'000	2020 HK$'000
Performance fees	**200,470**	1,468,063
Management fees	**926,727**	1,013,168
Front-end fees	**154,452**	80,218
Total fee income	**1,281,649**	2,561,449

7 Other Income

	2021 HK$'000	2020 HK$'000
Interest income on cash and cash equivalents	23,414	18,991
Interest income from financial assets at fair value through profit or loss	29,942	32,529
Dividend income on financial assets at fair value through profit or loss	53,143	13,382
Rental income from an investment property (Note 18)	12,642	11,199
Rental income from a property	–	469
Others	6,414	6,111
Total other income	125,555	82,681

8 Compensation and Benefit Expenses

	2021 HK$'000	2020 HK$'000
Salaries, wages and other benefits	246,010	242,487
Management bonus	108,081	412,046
Share-based compensation (Notes 25 and 26)	28,819	13,710
Pension costs	6,633	4,668
Total compensation and benefit expenses	389,543	672,911

8.1 Pension costs – mandatory provident fund scheme

There were no forfeited contributions utilized during the year ended 31 December 2021 (2020: Nil). As at 31 December 2021, the Group had no material contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

As at 31 December 2021, no contributions were payable to the mandatory provident fund scheme (2020: Nil).

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 2021 included four (2020: four) directors whose emoluments are reflected in the analysis shown in Note 36. Details of the remuneration of the remaining highest-paid individuals are as follows:

	2021 HK$'000	2020 HK$'000
Salaries, wages and other benefits	4,956	3,413
Management bonus	3,899	35,000
Share-based compensation	4,040	2,357
Pension costs – mandatory provident fund scheme	18	18
	12,913	40,788

The remaining one (2020: one) individual's emoluments were within the following bands:

	Number of individuals	
	2021	2020
HK$10,000,001 to HK$20,000,000	1	–
HK$40,000,001 to HK$50,000,000	–	1

8.3 Senior management remuneration by band

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

	Number of individuals	
	2021	2020
Below HK$5,000,000	7	6
HK$5,000,001 to HK$10,000,000	2	4
HK$10,000,001 to HK$15,000,000	2	–
HK$15,000,001 to HK$20,000,000	–	1
HK$40,000,001 to HK$50,000,000	–	1

8 Compensation and Benefit Expenses (continued)

8.4 Deferred Bonus

During the year ended 31 December 2021, a portion of the management bonus granted to the employees and directors of the Group was deferred and payable to the employees and directors if they remain employed with the Group throughout the vesting period between 12 to 36 months. These deferred bonuses are recognized as an expense 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 2022-2024 (2020: years 2021-2023).

	2021 HK$'000	2020 HK$'000
Deferred bonus	3,092	21,128

9 Other Expenses

	2021 HK$'000	2020 HK$'000
Legal and professional fees	7,032	12,389
Research expenses	17,486	16,831
Marketing expenses	5,006	8,004
Depreciation, amortization and impairment charges	17,101	20,876
Travelling expenses	1,341	1,826
Office expenses	6,790	5,143
Insurance expenses	8,318	6,170
Recruitment expenses	186	1,934
Auditor's remuneration	5,793	3,967
Entertainment expenses	3,954	2,873
Registration and licensing fees	1,696	1,427
Donations	512	399
Others	24,159	29,833
Total other expenses	99,374	111,672

10 Other Gains – Net

	2021 HK$'000	2020 HK$'000
Net gains on investments		
Net realized gains on financial assets at fair value through profit or loss	4,248	70,576
Net unrealized gains on financial assets at fair value through profit or loss	108,396	187,032
Fair value gain of an investment property (Note 18)	18,460	–
Others		
Net foreign exchange (losses)/gains	(20,068)	6,076
Gains on disposal of property, plant and equipment	–	50
Total other gains – net	111,036	263,734

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 2021 at the rate of 16.5% (2020: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	2021 HK$'000	2020 HK$'000
Current tax		
Hong Kong profits tax	48,127	198,156
Overseas tax	14,716	22,012
Adjustments in respect of prior years	(12,319)	3,116
Total current tax	50,524	223,284
Deferred tax		
Origination and reversal of temporary differences (Note 29)	(443)	(1,508)
Total tax expense	50,081	221,776

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

	2021 HK$'000	2020 HK$'000
Profit before tax	507,894	1,601,251
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	71,142	276,250
Tax effects of:		
Non-taxable income and gains on investments	(50,442)	(72,498)
Non-deductible expenses and losses on investments	41,700	14,908
Adjustments in respect of prior years	(12,319)	3,116
Tax expense	50,081	221,776

The weighted average applicable tax rate was 14.0% (2020: 17.3%).

12 Other Comprehensive Income

	2021 HK$'000	2020 HK$'000
Items that have been reclassified or may be subsequently reclassified to profit or loss:		
Foreign exchange translation	12,836	43,531
Total other comprehensive income	12,836	43,531

13 Earnings Per Share

13.1 Basic earnings per share

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

	2021	2020
Profit for the year attributable to owners of the Company (HK$'000)	457,813	1,379,475
Weighted average number of ordinary shares in issue (thousands)	1,853,188	1,855,083
Basic earnings per share (HK cents per share)	24.7	74.4

13.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the share options. For share options, a calculation is made to determine the number of ordinary shares that could have been acquired at fair value (determined as the average closing market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of ordinary shares calculated as above is compared with the number of ordinary shares that would have been issued assuming the exercise of the share options.

	2021	2020
Profit for the year attributable to owners of the Company (HK$'000)	457,813	1,379,475
Weighted average number of ordinary shares in issue (thousands)	1,853,188	1,855,083
Adjustments for share options (thousands)	8,343	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,861,531	1,855,083
Diluted earnings per share (HK cents per share)	24.6	74.4

14 Dividends

	2021 HK$'000	2020 HK$'000
Proposed final dividend of 8 HK cents (2020: 26 HK cents) per ordinary share	**147,999**	482,321
Proposed special dividend: Nil (2020: 8 HK cents) per ordinary share	**–**	148,407
Total dividends	**147,999**	630,728

For the year ended 31 December 2021, the directors recommended a final dividend of 8 HK cents per share. The estimated total final dividend is HK$147,999,000. Such dividend is to be approved by shareholders at the Annual General Meeting of the Company on 28 April 2022 and has not been recognized as a liability at the balance sheet date.

15 Investments in Subsidiaries

15.1 Corporate structure

As at 31 December 2021, 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	Effective interest held Indirectly
Chief Union Investments Limited	Hong Kong	Money lending	1 ordinary share	100%	–
Complete Value Investing Company Ltd	Hong Kong	Property holding	10,000 ordinary shares	–	100%
First Bravo Management Limited	British Virgin Islands	Investment holding	1 ordinary share of US$1	100%	–
Fortune Access Industries Limited	British Virgin Islands	Investment holding	1 ordinary share of US$1	–	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%	–
Mulan Partners Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Prosperous Decade Sdn. Bhd.	Malaysia	Investment holding	500,000 ordinary shares of RM1 each	–	100%
Rough Seas Capital Holdings Limited	Hong Kong	Investment holding	1,000,000 ordinary shares	100%	–
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management	100,000,000 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 Executive Solutions Co. Limited	Hong Kong	Investment holding	1 ordinary share	–	100%
Value Funds Limited	Hong Kong	Investment holding	1 ordinary share	100%	–
Value Partners Asset Management Malaysia Sdn. Bhd.	Malaysia	Investment Management	6,600,000 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 Corporate Consulting Limited	Hong Kong	Investment holding	5,000,000 ordinary shares	100%	–
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 Marketplace Limited	Hong Kong	Dormant	1 ordinary share	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%	–
Value Partners Technology Solutions Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Value Partners Technology Systems Limited	Hong Kong	Dormant	20,000,000 ordinary shares	100%	–
Value Partners (USA) LLC	United States	Dormant	US$1,000	–	100%
Valuegate Holdings Limited	British Virgin Islands/ Hong Kong	Trademark holding	2 ordinary shares of US$1 each	100%	–
Wisdom Resources Development Corporation	British Virgin Islands	Investment holding	1 ordinary share of US$1	–	100%
惠理海外投資基金管理(上海)有限公司	PRC	Investment advisory	Registered capital of RMB20,000,000	–	100%
惠理投資管理(上海)有限公司	PRC	Investment management and advisory	Registered capital of RMB50,000,000	–	100%
惠理股權投資管理(深圳)有限公司	PRC	Equity investment	Registered capital of RMB23,000,000	–	100%

15.2 Interests in structured entities

In addition to the investment funds held by the Group disclosed in Note 21, the Group also holds the following investment fund which is consolidated within the Group:

		Effective interest held			
		2021		2020	
	Place of incorporation	Directly	Indirectly	Directly	Indirectly
Value Partners Asia Pacific Real Estate Limited Partnership	Cayman Islands	–	100%	–	100%

Refer to Note 22 for further information of Real Estate Partnership.

16 Investments in Joint Ventures

Details of the joint ventures held by the Group are as follows:

Name	Place of incorporation	Principal activities	Interest held 2021	2020
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%	–

The Group's investments in joint ventures are mainly related to the investments in Real Estate Partnership. Refer to Note 22 for further information.

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

	2021 HK$'000	2020 HK$'000
Investments in joint ventures		
Beginning of the year	135,217	102,746
Share of gains of joint ventures	40,530	32,471
Acquisition of a joint venture (note a)	88,150	–
Dividends received from a joint venture	(13,598)	–
Capital redemption	(9,853)	–
	240,446	135,217
Shareholders' loans included in investments in joint ventures		
Beginning of the year	207,012	215,758
Return of shareholders' loans (note b)	(23,419)	(8,746)
	183,593	207,012
End of the year	424,039	342,229

(a) On 18 February 2021, the Group acquired 15% of the interest of AM 310 Ann Street Investor Unit Trust with a consideration of AUD15,000,000 (equivalent to HK$88,150,000). Decisions about the relevant activities require unanimous consent of the parties sharing control.

(b) 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)

As at 31 December 2021, Value Investing Group Company Limited has a beneficial interest in a trust which owns three logistic centers located in Japan (31 December 2020: three) and AM 310 Ann Street Investor Unit Trust holds an Australian commercial tower (31 December 2020: Nil). During the year ended 31 December 2021, Clear Miles Hong Kong Limited sold the industrial facility located in Australia and committed to invest a total of Australian dollar ("AUD") 110.0 million (equivalent to HK$616.9 million) through the subscription of 110,000,000 units in AM Kent Street Investor Trust. It is expected that completion of the subscription of units will take place on 31 March 2022 subject to the approval of the Australian Foreign Investment Review Board. As at 31 December 2021, AUD11.0 million (equivalent to HK$61.7 million) was invested by Clear Miles Hong Kong Limited.

The Group set up a new joint venture, VP-ZACD Holdings Pte, Ltd. in 2020. There are no investments or activities for the year ended 31 December 2021 (2020: Nil).

The Group's share of assets, liabilities and results of the joint ventures are as summarized below:

	Value Investing Group Company Limited		AM 310 Ann Street Investor Unit Trust		Clear Miles Hong Kong Limited	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Asset – non-current assets	303,709	311,615	180,263	–	30,947	46,613
Asset – current assets	411	407	6,096	–	197	1,464
Liabilities – current liabilities	(73)	(92)	(948)	–	(18)	(317)
Liabilities – non-current liabilities	–	–	(96,545)	–	–	(17,461)
Net assets	304,047	311,930	88,866	–	31,126	30,299
Income	29,663	28,037	12,573	–	1,012	10,669
Expenses	(167)	(4,595)	(2,324)	–	(192)	(1,117)
Tax expense	(35)	(36)	–	–	–	(487)
Profit after tax and total comprehensive income	29,461	23,406	10,249	–	820	9,065

Commitments in respect of the joint ventures	2021 HK$'000	2020 HK$'000
Commitments to provide funding for a joint venture's capital commitments, if called	277,612	–

There are no other commitments and contingent liabilities relating to the Group's interests in the joint ventures, and no other commitments and contingent liabilities of the joint ventures themselves except as disclosed above.

17 Property, Plant and Equipment

	Property HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Vehicles HK$'000	Total HK$'000
As at 1 January 2020						
Cost	187,782	17,149	2,405	19,067	2,846	229,249
Accumulated depreciation	(10,260)	(5,830)	(1,812)	(15,085)	(1,237)	(34,224)
Net book amount	177,522	11,319	593	3,982	1,609	195,025
Year ended 31 December 2020						
Opening net book amount	177,522	11,319	593	3,982	1,609	195,025
Additions	–	3,821	615	204	–	4,640
Disposals	–	–	–	–	(250)	(250)
Depreciation (Note 9)	(5,776)	(7,911)	(278)	(2,550)	(620)	(17,135)
Exchange differences	11,284	303	51	20	(10)	11,648
Closing net book amount	183,030	7,532	981	1,656	729	193,928
As at 31 December 2020						
Cost	187,782	20,970	3,020	19,271	2,596	233,639
Accumulated depreciation	(4,752)	(13,438)	(2,039)	(17,615)	(1,867)	(39,711)
Net book amount	183,030	7,532	981	1,656	729	193,928
Year ended 31 December 2021						
Opening net book amount	183,030	7,532	981	1,656	729	193,928
Additions	–	4,056	275	2,590	–	6,921
Depreciation (Note 9)	(6,177)	(5,143)	(352)	(1,856)	(546)	(14,074)
Exchange differences	5,212	101	16	2	–	5,331
Closing net book amount	182,065	6,546	920	2,392	183	192,106
As at 31 December 2021						
Cost	187,782	25,026	3,295	21,861	2,596	240,560
Accumulated depreciation	(5,717)	(18,480)	(2,375)	(19,469)	(2,413)	(48,454)
Net book amount	182,065	6,546	920	2,392	183	192,106

18 Investment Property

	2021 HK$'000	2020 HK$'000
Beginning of the year	181,000	168,526
Fair value gain (Note 10)	18,460	–
Foreign exchange translation	(8,888)	12,474
End of the year	190,572	181,000

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$190,572,000 at 31 December 2021 (31 December 2020: HK$181,000,000).

The Group measures its investment property at fair value, with the help of an independent qualified valuer. The fair value assessment is derived using the income approach and by making reference to recent transacted price or comparable sales transaction available in the relevant property market. The income approach applies a capitalization rate on market rent for deriving the capital value.

The Group's investment property is part of the investments in the Real Estate Partnership. Refer to Note 22 for further information.

Amounts recognized in profit or loss for investment property

	2021 HK$'000	2020 HK$'000
Rental income (Note 7)	12,642	11,199
Direct operating expenses from property that generated rental income	3,025	2,482
Fair value gain recognized in other gains – net (Note 10)	18,460	–

Fair value measurements using significant unobservable inputs

Significant unobservable inputs used in the fair value measurements for 2021 and 2020 are as follows:

Unobservable inputs	Retail	Student accommodation	Parking	Relationship of increase in unobservable inputs to fair value
Capitalization rate	5.9% (2020: 6.0%)	5.9% (2020: 6.0%)	5.9% (2020: 6.0%)	Decrease in the fair value
Market rent	New Zealand dollar ("NZD")295 (2020: NZD290) per square meter	NZD183 (2020: NZD175) per room per week	NZD45 (2020: NZD45) per space per week	Increase in the fair value

19 Intangible Assets

	Goodwill HK$'000	Computer software HK$'000	Others HK$'000	Total HK$'000
As at 1 January 2020				
Cost	54,435	32,135	7,500	94,070
Accumulated amortization	–	(22,982)	–	(22,982)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
Net book amount	–	7,909	7,500	15,409
Year ended 31 December 2020				
Opening net book amount	–	7,909	7,500	15,409
Additions	–	4,142	–	4,142
Amortization (Note 9)	–	(3,397)	–	(3,397)
Exchange differences	–	206	–	206
Closing net book amount	–	8,860	7,500	16,360
As at 31 December 2020				
Cost	54,435	36,277	7,500	98,212
Accumulated amortization	–	(26,173)	–	(26,173)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
Net book amount	–	8,860	7,500	16,360
Year ended 31 December 2021				
Opening net book amount	–	8,860	7,500	16,360
Additions	–	1,524	–	1,524
Amortization (Note 9)	–	(3,027)	–	(3,027)
Exchange differences	–	73	–	73
Closing net book amount	–	7,430	7,500	14,930
As at 31 December 2021				
Cost	54,435	37,801	7,500	99,736
Accumulated amortization	–	(29,127)	–	(29,127)
Accumulated impairment	(54,435)	(1,244)	–	(55,679)
Net book amount	–	7,430	7,500	14,930

20 Investments in Associates

20.1 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	
		2021	2020
惠理中國新時代優選1號私募投資基金 [(a)]	China	–	22%
惠理中國鴻信1號私募證券投資基金	China	47%	30%
惠理中國豐泰1號私募投資基金 [(b)]	China	22%	12%
Value Partners Asia Principal Credit Fund Limited Partnership	Cayman Islands	29%	29%
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	South Korea	81%	71%
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	China	49%	49%

	Net asset value 31 December		Profit/(loss) for the year and total comprehensive income 31 December	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
惠理中國新時代優選1號私募投資基金 [(a)]	–	41,424	–	10,901
惠理中國鴻信1號私募證券投資基金	5,900	13,201	(1,560)	6,491
惠理中國豐泰1號私募投資基金 [(b)]	9,163	26,311	(2,181)	8,190
Value Partners Asia Principal Credit Fund Limited Partnership	481,426	729,056	(91,444)	87,449
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	57,062	70,242	(501)	5,235
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	6,230	5,942	(42)	(40)

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

(a) As at 31 December 2021, 惠理中國新時代優選1號私募投資基金 was derecognized from "investments in associates".

(b) As at 31 December 2021, 惠理中國豐泰1號私募投資基金 was recognized as "investments in associates".

The fair value of the Group's interests in such investment funds are summarized in Note 34.3.

21 Investments

Investments include the following:

	2021 HK$'000	2020 HK$'000
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	7,780	8,420
Equity securities – Long – United States	–	370
Investment funds – Hong Kong	425,212	230,595
Investment funds – Malaysia	20,859	–
Market value of listed securities	453,851	239,385
Unlisted securities (by place of incorporation/establishment)		
Equity securities – Singapore	1,685	1,300
Investment funds – Cayman Islands	156,381	223,420
Investment funds – China	28,620	37,440
Investment funds – Hong Kong	586,829	181,305
Investment funds – Ireland	785,618	633,060
Investment funds – South Korea	46,346	49,707
Investment funds – United States	95,683	51,185
Loan note – Australia (Note 22)	691,002	476,863
Fair value of unlisted securities	2,392,164	1,654,280
Representing:		
Non-current	2,820,414	1,876,413
Current	25,601	17,252
Total investments	2,846,015	1,893,665

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 2021 and 2020, 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 34.3 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 34.3) and fees receivable as shown in the consolidated balance sheet. The size of the investment funds ranges from US$0.8 million to US$1.8 billion (2020: US$1.7 million to US$3.7 billion). During the years ended 31 December 2021 and 2020, 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.

21 Investments (continued)

Investments are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
United States dollar	1,461,630	1,070,434
Australian dollar	713,790	477,170
Hong Kong dollar	509,441	242,105
Renminbi	50,814	35,045
South Korea won	46,346	49,707
Pound sterling	23,136	181
Malaysian ringgit	20,859	–
Singapore dollar	18,289	18,078
Others	1,710	945
Total investments	2,846,015	1,893,665

22 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 Group committed US$100 million (equivalent to HK$782 million) capital to the Real Estate Partnership, and there was no undrawn capital commitment as at 31 December 2021 (31 December 2020: US$7 million (equivalent to HK$54.3 million)). The Real Estate Partnership focuses on the acquisition of stabilized income assets in the Asia Pacific.

As at 31 December 2021 and 2020, the Group held controlling interest in the Real Estate Partnership and all assets and liabilities of this fund were consolidated within the Group's consolidated balance sheet. Refer to Note 15.2 for details on the Real Estate Partnership's place of incorporation and effective interest held by the Group.

The Group has recognized investment gains and other income for the real estate private equity business. As at 31 December 2021 and 2020, majority of the gains are unrealized.

22 Investment in Value Partners Asia Pacific Real Estate Limited Partnership (continued)

As at 31 December 2021 and 2020, 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 2021 HK$'000	31 December 2020 HK$'000
Non-current assets:				
Investments in joint ventures	– Three Japanese logistic centers – One Australian commercial tower (31 December 2020: One Australian industrial facility)	(i)	424,039	342,229
Investment property	– One New Zealand student accommodation building	(ii)	190,572	181,000
Investment – Loan note	– One Australian office building	(iii)	691,002	476,863
Non-current liability:				
Borrowing		(iv)	(82,634)	–
Current liability:				
Borrowing		(iv)	–	(86,499)
Other net assets		(v)	101,800	93,783
Total			1,324,779	1,007,376

(i) As at 31 December 2021, the Real Estate Partnership held 50% equity interest in Value Investing Group Company Limited, 50% equity interest in Clear Miles Hong Kong Limited and a newly acquired 15% equity interest in AM 310 Ann Street Investor Unit Trust. As at 31 December 2021, Value Investing Group Company Limited has a beneficial interest in a trust which owns three logistic centers located in Japan and AM 310 Ann Street Investor Unit Trust holds a commercial tower in Australia while the Australian industrial facility previously held by Clear Miles Hong Kong Limited was disposed during the current year. Clear Miles Hong Kong Limited will invest a total of AUD110.0 million (equivalent to HK$616.9 million) in AM Kent Street Investor Trust. As at 31 December 2021, AUD11.0 million (equivalent to HK$61.7 million) has already been invested. These interests are presented as "Investments in joint ventures" on the consolidated balance sheet. Refer to Note 16 for further details.

(ii) The Real Estate Partnership held a student accommodation located in New Zealand. Refer to Note 18 for further details.

(iii) The Real Estate Partnership held a loan note with a related call option issued by an Australian Finance Unit Trust (the "Finance Trust"). The proceeds from the loan note were used solely by the Finance Trust to invest in the units of another trust which holds a property in Australia. The related call option is exercisable (1) in the event of default by the Finance Trust; or (2) execution of any contract to sell, dispose, or transfer the Australian property or the property of the Finance Trust. The exercise of the related call option enables the Group to own interest (in the form of ordinary units) in the Finance Trust. The loan note is presented as "Investments" on the consolidated balance sheet. Refer to Notes 4.3 and 21 for further details. The significant increase in fair value of the loan note from HK$476.9 million as at 31 December 2020 to HK$691.0 million as at 31 December 2021 was primarily due to the increase in fair value of the underlying Australian property.

(iv) The Real Estate Partnership's borrowing of NZD15,675,000 (equivalent to HK$82,634,000) (31 December 2020: NZD15,675,000 (equivalent to HK$86,499,000)) is secured by the student accommodation building located in New Zealand. The repayment date is 18 October 2023 (2020: 16 October 2021) and the effective interest rate is the sum of the lending bank's bill rate for that interest period plus a margin of 2.25% (2020: 2.15%) per annum. Refer to Note 28 for further details.

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

23 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 2021 (2020: 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:

	2021 HK$'000	2020 HK$'000
Fees receivable that were past due but not impaired		
1 – 30 days	405	346
31 – 60 days	702	1,524
61 – 90 days	465	148
Over 90 days	4,634	179
	6,206	2,197
Fees receivable that were within credit period	183,854	1,493,107
Total fees receivable	190,060	1,495,304

Fees receivable are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
Australian dollar	1,528	1,326
Hong Kong dollar	3,296	103,447
Renminbi	27,559	68,397
United States dollar	155,908	1,320,291
Others	1,769	1,843
Total fees receivable	190,060	1,495,304

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 administrator or custodian 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 2021 (2020: Nil).

24 Cash and Cash Equivalents

	2021 HK$'000	2020 HK$'000
Cash at banks and in hand	304,663	441,783
Short-term bank deposits	1,360,687	1,532,256
Deposits with brokers	587	369
Total cash and cash equivalents	1,665,937	1,974,408

Cash and cash equivalents are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
Australian dollar	66,272	72,458
Hong Kong dollar	386,596	499,044
Pound sterling	94,355	38,585
Renminbi	780,478	354,696
Singapore dollar	42,057	718
United States dollar	271,121	1,000,056
Others	25,058	8,851
Total cash and cash equivalents	1,665,937	1,974,408

25 Issued Equity

	Number of shares	Issued equity HK$'000
As at 1 January 2020, 31 December 2020 and 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

As at 31 December 2021, the total authorized number of ordinary shares of the Company was 5,000,000,000 shares (2020: 5,000,000,000 shares) with a par value of HK$0.1 (2020: 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 5,100,000 shares on the Stock Exchange during the year ended 31 December 2021 and the aggregate consideration paid was approximately HK$22,027,000.

25 Issued Equity (continued)

Share options

The Group operates a share option scheme for directors, employees and others whom the Board of Directors considers, in its sole discretion, have contributed or will contribute to the Group. The share option scheme is effective for a period of ten years from the date it was adopted, after which no new share options will be granted but the provisions of the scheme will remain in full force and effect in all other respects. The share options are subject to terms as the Board of Directors may determine. Such terms may include the exercise price of the share options, the minimum period for which the share options must be held before they can be exercised in whole or in part, the conditions that must be reached before the share options can be exercised. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. 8,000,000 options were granted under the share option scheme for the year ended 31 December 2021 (2020: 77,429,000) and the fair value was HK$7,654,000 (2020: HK$60,320,000) 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 2021 was HK$28,819,000 (2020: HK$13,710,000) which has no impact to the Group's cash flow. The weighted average fair value of options granted during the years 2021 and 2020 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:

	2021	2020
Grant date	12 March	23 November
Share price on grant date (HK$ per share)	**5.55**	4.14
Exercise price (HK$ per share)	**5.55**	4.14
Expected dividend yield (%)	**4.3**	5.6
Expected volatility (%)	**42.7**	43.3
Risk-free interest rate (%)	**0.6**	0.2
Remaining time to expected exercise date (year)	**4.0**	4.0

Movements in the number of share options outstanding and their related exercise prices are as follows:

	Average exercise price (HK$ per share)	Number of options ('000)
As at 1 January 2020	12.34	137,820
Forfeited	14.09	(300)
Forfeited	14.09	(100)
Forfeited	5.87	(1,500)
Granted	4.14	77,429
As at 31 December 2020	9.40	213,349
As at 1 January 2021	**9.40**	**213,349**
Forfeited	**13.60**	**(22,110)**
Forfeited	**14.09**	**(87,310)**
Forfeited	**5.87**	**(5,500)**
Forfeited	**4.14**	**(14,120)**
Granted	**5.55**	**8,000**
As at 31 December 2021	**4.65**	**92,309**

25 Issued Equity (continued)

Share options (continued)

Out of the 92,309,000 (2020: 213,349,000) outstanding share options, 21,000,000 (2020: 127,253,333) options were exercisable as at 31 December 2021 with weighted average exercise price of HK$5.82 (2020: HK$12.85) per share. No options were exercised during the year ended 31 December 2021 (2020: Nil).

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

Expiry date	Exercise price (HK$ per share)	Number of options ('000) 2021	2020
11 November 2021	13.60	–	22,110
16 December 2021	14.09	–	87,310
30 May 2022	3.94	500	500
14 April 2025	5.87	20,500	26,000
22 August 2026	4.14	63,309	77,429
11 December 2026	5.55	8,000	–

The measurement dates of the share options were 12 March 2021, 23 November 2020, 15 October 2018, 17 June 2015, 12 May 2015, 31 May 2012, being the dates of grant of the share options, and 27 July 2015, being the date of the Group's extraordinary general meeting approving the grant of 54,800,000 share options to Dato' Seri Cheah. 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.

26 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 2020	274,165	(519)	240	–	(31,447)	242,439
Share-based compensation (Note 8)	13,710	–	–	–	–	13,710
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	(3,092)	–	–	–	–	(3,092)
Foreign exchange translation	–	–	–	–	43,531	43,531
As at 31 December 2020	284,783	(519)	240	–	12,084	296,588
As at 1 January 2021	284,783	(519)	240	–	12,084	296,588
Share-based compensation (Note 8)	28,819	–	–	–	–	28,819
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options	(255,113)	–	–	–	–	(255,113)
Foreign exchange translation	–	–	–	–	12,836	12,836
As at 31 December 2021	58,489	(519)	240	–	24,920	83,130

(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, expired or forfeited.

(b) Capital reserve arises from transactions with non-controlling interests that do not result in a loss of control.

27 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:

	2021 HK$'000	2020 HK$'000
0 – 30 days	78,905	98,837
31 – 60 days	695	747
61 – 90 days	532	386
Over 90 days	11,888	9,803
Total distribution fee expenses payable	92,020	109,773

Distribution fee expenses payable are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
United States dollar	91,381	109,055
Others	639	718
Total distribution fee expenses payable	92,020	109,773

28 Borrowing

	2021 HK$'000	2020 HK$'000
Current		
Bank loan	–	86,499
Non-current		
Bank loan	82,634	–

During the year ended 31 December 2021, the repayment date of the borrowing was renewed from 16 October 2021 to 18 October 2023.

The borrowing is secured by the investment property located in New Zealand shown in Note 18. The maturity of borrowing is as follows:

	2021 HK$'000	2020 HK$'000
Within 1 year	–	86,499
Between 1 and 5 years	82,634	–

28 Borrowing (continued)

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

	2021 NZD	2020 NZD
Bank loan	2.66%	2.69%

Saved as disclosed above, carrying amount of 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:

	2021 HK$'000	2020 HK$'000
New Zealand dollar	82,634	86,499

29 Deferred Tax

The movement of deferred tax assets/(liabilities) is as follows:

Deferred tax assets/(liabilities)	Accelerated tax depreciation HK$'000
As at 1 January 2020	(413)
Debited to profit or loss (Note 11)	1,508
As at 31 December 2020	1,095
As at 1 January 2021	1,095
Debited to profit or loss (Note 11)	443
As at 31 December 2021	1,538

30 Financial Instruments by Category

	2021 HK$'000	2020 HK$'000
Category of financial assets		
Financial assets at amortized cost		
Fees receivable (Note 23)	190,060	1,495,304
Amounts receivable on sale of investments	–	139,500
Prepayments and other receivables	21,763	30,818
Cash and cash equivalents (Note 24)	1,665,937	1,974,408
	1,877,760	3,640,030
Financial assets at fair value through profit or loss		
Investments (Note 21)	2,846,015	1,893,665
Category of financial liabilities		
Other financial liabilities at amortized cost		
Distribution fee expenses payable (Note 27)	92,020	109,773
Other payables	11,197	19,447
Borrowing	82,634	86,499
	185,851	215,719

31 Notes to the Consolidated Cash Flow Statement

	2021 HK$'000	2020 HK$'000
Profit before tax	507,894	1,601,251
Adjustments for		
Interest income on cash and cash equivalents	(23,414)	(18,991)
Interest income from financial assets at fair value through profit or loss	(29,942)	(32,529)
Interest expense on borrowing	2,286	2,111
Dividend income on financial assets at fair value through profit or loss	(53,143)	(13,382)
Share-based compensation	28,819	13,710
Depreciation and amortization	17,101	20,532
Depreciation of right-of-use assets	23,748	31,145
Impairment charge on other receivables	–	344
Interest expense on lease liabilities	1,682	1,312
Share of gains of joint ventures	(40,530)	(32,471)
Other gains – net	(111,036)	(263,733)
Changes in working capital		
Other assets	(6,184)	8,980
Fees receivable	1,305,244	(1,315,871)
Prepayments and other receivables	14,536	932
Accrued bonus	(295,387)	274,589
Distribution fee expenses payable	(17,753)	(47,260)
Other payables and accrued expenses	(19,828)	21,845
Net cash generated from operations	1,304,093	252,514

31 Notes to the Consolidated Cash Flow Statement (continued)

Reconciliation of liabilities arising from financing activities

	Borrowing HK$'000 (Note 28)	Lease liabilities HK$'000	Total HK$'000
At 1 January 2020	80,538	40,391	120,929
Changes from financing cash flows:			
Addition of new leases	–	898	898
Finance costs	–	1,312	1,312
Principal and interest elements of lease payments	–	(29,539)	(29,539)
Exchange differences	5,961	170	6,131
At 31 December 2020 and 1 January 2021	86,499	13,232	99,731
Changes from financing cash flows:			
Addition of new leases	–	54,629	54,629
Finance costs	–	1,682	1,682
Principal and interest elements of lease payments	–	(23,877)	(23,877)
Exchange differences	(3,865)	(17)	(3,882)
At 31 December 2021	82,634	45,649	128,283

32 Capital Commitments

As at 31 December 2021, the Group has unfunded capital commitment in a private equity fund amounting to HK$312,000 (2020: 2 private equity funds amounting to HK$431.4 million in total). For capital commitments related to the Group's investments in joint ventures, please see Note 16 for details. As at the end of the year, the capital commitment contracted to purchase IT facilities and licensed software but not yet incurred amounted to HK$4,767,000 (2020: HK$692,000).

33 Contingencies

The Group has contingent assets in respect of performance fees and contingent liabilities in respect of the performance fee element of distribution fee expenses arising in the ordinary course of business.

33.1 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.

As a result, as at 31 December 2021 and 2020, performance fees in respect of performance periods ending on a performance fee valuation day not falling within the corresponding year have not been recognized. These performance fees may be receivable in cash if a positive performance results (for non-private equity fund products) or a performance threshold is exceeded (for private equity fund products) on the performance fee valuation days, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

33 Contingencies (continued)

33.2 Contingent liabilities

The performance fee element of distribution fee expenses is based on the performance fees earned by the Group. These distribution fee expenses are recognized when the performance fees are earned by the Group and the Group is obliged to pay the corresponding distribution fee expenses.

As a result, as at 31 December 2021 and 2020, the performance fee element of distribution fee expenses in respect of performance periods ending on a performance fee valuation day not falling within the corresponding year have not been recognized. These distribution fee expenses may be payable in cash if the performance fees are subsequently earned on the performance fee valuation days.

34 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.

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

	2021 HK$'000	2020 HK$'000
Consultancy fee to a related party of a director	289	289

34.2 Key management compensation

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

	2021 HK$'000	2020 HK$'000
Management bonus, salaries and other short-term employee benefits	80,313	236,651
Share-based compensation	21,262	8,784
Pension costs	54	54
Total key management compensation	101,629	245,489

34.3 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 20 and 22.

34 Related-Party Transactions (continued)

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

	Fair value	
	2021 HK$'000	2020 HK$'000
Consolidated structured entity		
Value Partners Asia Pacific Real Estate Limited Partnership (Notes 15.2 and 22)	1,324,779	1,007,376
Unconsolidated structured entities		
Hanwha Value Partners Asia High Dividend Equity Feeder Fund (Note 20)	46,346	49,707
Value Gold ETF	477,702	230,595
Value Partners Asia Fund, LLC [(a)]	472	505
Value Partners Asia Principal Credit Fund Limited Partnership (Note 20)	141,596	214,428
Value Partners Classic Fund [(b)]	–	448
Value Partners Fund Series – Value Partners All China Bond Fund [(c)]	155,054	–
Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund [(d)]	309,746	102,732
Value Partners Fund Series – Value Partners Asian Total Return Bond Fund [(e)]	15,406	16,425
Value Partners Fund Series – Value Partners China A-Share Select Fund [(c)]	145	138
Value Partners Greater China High Yield Income Fund [(a)]	1	1
Value Partners Hedge Fund Limited [(a)]	2	2
Value Partners High-Dividend Stocks Fund [(f)]	–	396
Value Partners Intelligent Funds – Chinese Mainland Focus Fund [(g)]	383	
Value Partners Ireland Fund ICAV – Value Partners All China Equity Fund [(h)]	99	–
Value Partners Ireland Fund ICAV – Value Partners Asia Ex-Japan Equity Fund [(h) & (i)]	40,470	–
Value Partners Ireland Fund ICAV – Value Partners Asian Dynamic Bond Fund [(j)]	37,206	–
Value Partners Ireland Fund ICAV – Value Partners China A Shares Consumption Fund [(d)]	56,978	63,881
Value Partners Ireland Fund ICAV – Value Partners China A Shares Equity Fund [(h) & (k)]	72,994	66,561
Value Partners Ireland Fund ICAV – Value Partners China A Shares High Dividend Fund [(k)]	60,131	64,992
Value Partners Ireland Fund ICAV – Value Partners Classic Equity Fund [(h)]	99	–
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund [(d)]	390,747	286,239
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund [(l)]	125,970	145,886

34 Related-Party Transactions (continued)

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

	Fair value	
	2021 HK$'000	2020 HK$'000
Value Partners Multi-Asset Fund [c]	40,124	46,381
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership (Note 20)	2,867	2,848
VP-DJ Shariah China A-Shares 100 ETF	20,859	–
惠理中國新時代優選1號私募投資基金	1,887	8,962
惠理中國中璧1號私募投資基金	–	1,396
外貿信託－惠理滬港深6號	1,420	1,482
交銀國信•匯利202號集合資金信託計劃	1,482	1,529
惠理中國豐泰1號私募投資基金(Note 20)	2,009	3,074
惠理中國鴻信1號私募證券投資基金(Note 20)	2,762	3,856
惠理中國中睿滬港深1號私募證券投資基金	1,721	1,778
惠理中國安欣價值滬港深1期私募證券投資基金	1,616	1,684
惠理華教(深圳)股權投資合夥企業(有限合夥)	9,332	9,038
平安資產鑫福22號資產管理產品	–	1,412
外貿信託－惠理滬港深證券投資集合資金信託計劃	1,223	–
惠理中國豐泰3號私募證券投資基金	1,138	–
Total	3,344,766	2,333,752

(a) The shares held were management shares.

(b) The units held were "C" 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 Class A Hedge.

(f) The units held were Class A2 MDis units.

(g) The units held were Class A units and Class Z units.

(h) The units held were Class RDR units.

(i) The units held were Class X units.

(j) The units held were Class V units.

(k) The units held were Class V units and Class X units.

(l) The units held were Class A Unhedge and hedge.

35 Balance Sheet and Reserve Movement of the Company

Balance Sheet of the Company

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Investments in subsidiaries		1,475,585	1,470,100
Amounts due from subsidiaries		1,345,902	1,332,860
		2,821,487	2,802,960
Current assets			
Dividends receivable		148,000	630,000
Prepayments and other receivables		359	303
Cash and cash equivalents		3,596	25,157
		151,955	655,460
Current liabilities			
Other payables and accrued expenses		932	949
Net current assets		151,023	654,511
Non-current liabilities			
Amounts due to subsidiaries		66,189	66,189
Net assets		2,906,321	3,391,282
Equity			
Issued equity		2,251,891	2,273,918
Other reserves	(a)	58,729	285,023
Retained earnings	(a)	595,701	832,341
Total equity		2,906,321	3,391,282

On behalf of the Board

SO Chun Ki Louis
Director

HO Man Kei, Norman
Director

35 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 2020	274,165	240	606,331
Share-based compensation	13,710	–	–
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options (Note 26)	(3,092)	–	3,092
Profit for the year	–	–	631,036
Dividends	–	–	(408,118)
As at 31 December 2020	284,783	240	832,341
As at 1 January 2021	284,783	240	832,341
Share-based compensation	28,819	–	–
Transfer of share-based compensation reserve upon exercise, forfeiture or expiring of share options (Note 26)	(255,113)	–	255,113
Profit for the year	–	–	138,975
Dividends	–	–	(630,728)
As at 31 December 2021	58,489	240	595,701

36 Benefits and Interests of Directors

36.1 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 2021						
Executive directors						
Dato' Seri CHEAH, Cheng Hye	–	5,433	17,860	6,432	–	29,725
Mr. SO, Chun Ki Louis	–	5,569	19,260	9,285	18	34,132
Ms. HUNG, Yeuk Yan Renee	–	3,070	9,730	5,621	18	18,439
Mr. HO Man Kei, Norman	–	3,070	9,730	6,515	18	19,333
Independent non-executive directors						
Dr. CHEN, Shih Ta Michael	360	–	–	133	–	493
Mr. Nobuo OYAMA	360	–	–	133	–	493
Mr. WONG Poh Weng	360	–	–	133	–	493
	1,080	17,142	56,580	28,252	54	103,108
Year ended 31 December 2020						
Executive directors						
Dato' Seri CHEAH, Cheng Hye	–	4,886	64,734	9,663	–	79,283
Mr. SO, Chun Ki Louis	–	5,114	70,100	7,022	18	82,254
Ms. HUNG, Yeuk Yan Renee	–	3,055	35,700	1,854	18	40,627
Mr. HO Man Kei, Norman	–	3,055	35,700	4,551	18	43,324
Independent non-executive directors						
Dr. CHEN, Shih Ta Michael	360	–	–	15	–	375
Mr. Nobuo OYAMA	360	–	–	15	–	375
Mr. WONG Poh Weng	360	–	–	15	–	375
	1,080	16,110	206,234	23,135	54	246,613

(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 director for the year ended 31 December 2021 (2020: Nil). No directors waived or agreed to waive any emoluments for the year ended 31 December 2021 (2020: Nil).

36.2 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.

Particulars of subsidiaries

As at 31 December 2021, details of the Group's subsidiaries under the Listing Rules are as follows:

Name	Place of incorporation/ place of operation	Principal activities	Issued share capital
Chief Union Investments Limited	Hong Kong	Money lending	HK$1
Complete Value Investing Company Ltd	Hong Kong	Property holding	HK$10,000
First Bravo Management Limited	British Virgin Islands	Investment holding	US$1
Fortune Access Industries Limited	British Virgin Islands	Investment holding	US$1
Gold One Industries Limited	British Virgin Islands	Investment holding	US$1
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	HK$1
Mulan Partners Limited	Hong Kong	Dormant	HK$1
Prosperous Decade Sdn. Bhd.	Malaysia	Investment holding	RM500,000
Rough Seas Capital Holdings Limited	Hong Kong	Investment holding	HK$1,000,000
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management	HK$122,314,734
Sensible Asset Management Limited	British Virgin Islands/ Hong Kong	Investment management	US$200,000
Value Executive Solutions Co. Limited	Hong Kong	Investment holding	HK$1
Value Funds Limited	Hong Kong	Investment holding	HK$1
Value Partners Asset Management Malaysia Sdn. Bhd.	Malaysia	Investment management	RM6,600,000
Value Partners Asset Management Singapore Pte. Ltd.	Singapore	Investment management	S$1,000,000
Value Partners (Cayman GP) II Ltd	Cayman Islands	Managing member of two investment funds managed by Value Partners Limited	US$1
Value Partners (UK) Limited	United Kingdom	Investment management	GBP2,050,000
Value Partners Corporate Consulting Limited	Hong Kong	Investment holding	HK$5,000,000
Value Partners Hong Kong Limited	Hong Kong	Investment management, investment holding and securities dealing	HK$385,000,000
Value Partners Index Services Limited	Hong Kong	Indexing services	HK$1
Value Partners Investment Advisory Limited	Hong Kong	Consulting services	HK$25,000,000
Value Partners Limited	British Virgin Islands/ Hong Kong	Investment management, investment holding and securities dealing	US$1,530,278
Value Partners Marketplace Limited	Hong Kong	Dormant	HK$1

Name	Place of incorporation/ place of operation	Principal activities	Issued share capital
Value Partners Private Equity Limited	British Virgin Islands/ Hong Kong	Investment management services	US$700,000
Value Partners Technology Solutions Limited	Hong Kong	Dormant	HK$1
Value Partners Technology Systems Limited	Hong Kong	Dormant	HK$20,000,000
Value Partners (USA) LLC	United States	Dormant	US$1,000
Valuegate Holdings Limited	British Virgin Islands/ Hong Kong	Trademark holding	US$2
Wisdom Resources Development Corporation	British Virgin Islands	Investment holding	US$1
惠理海外投資基金管理(上海)有限公司	PRC	Investment advisory	Registered capital of RMB20,000,000 有限責任公司(獨資)
惠理投資管理(上海)有限公司	PRC	Investment management and advisory	Registered capital of RMB50,000,000 有限責任公司 (台港澳法人獨資)
惠理股權投資管理(深圳)有限公司	PRC	Equity investment	Registered capital of RMB23,000,000 有限責任公司(獨資)