

Corporate profile

Value Partners, one of Asia's leading independent asset management firms, seeks to offer world-class investment services and products. Since its establishment in 1993, the Company has been a dedicated value investor in Asia and around the world. In November 2007, Value Partners became the first asset management firm to be listed on the Main Board of the Hong Kong Stock Exchange (stock code: 806 HK). In addition to its Hong Kong headquarters, the Company operates in Shanghai, Shenzhen, Kuala Lumpur, Singapore, and London. Value Partners manages various investment strategies, including equities, fixed income, multi-asset, alternatives, real estate, and ETFs, for institutional and individual clients in Asia-Pacific, Europe, and the United States. Value Partners is also one of the leaders in ESG investing in Greater China and is committed to developing its ESG capabilities further.

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

Corporate information

Board of Directors

Co-Chairmen and Co-Chief Investment Officers

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

Executive Directors

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

Independent Non-executive Directors

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

Company Secretary

Mr. CHEUNG Kwong Chi, Aaron

Authorized Representatives

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

Members of the Audit Committee

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

Members of the Nomination Committee

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

Members of the Remuneration Committee

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

Members of the Risk Management Committee

Mr. SUN Chi Kin Samuel (*Chairman*)
Mr. CHENG Tsz Chung, Clement
Mr. HO Man Kei, Norman
Ms. LAM Mei Kuen Winnie
Ms. LEE Vivienne
Ms. WONG Wai Man June
Ms. WONG York Ying, Ella

Registered Office

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

Principal Office

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

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisor

Reed Smith Richards Butler

PRC Legal Advisor

LLinks Law 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

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

(In HK\$ million)	For the period ended 30 June		
	2022	2021	% Change
Total revenue	331.9	707.8	-53.1%
Gross management fees	307.3	501.9	-38.8%
Gross performance fees	0.9	91.3	-99.0%
Operating (loss)/profit (before other gains/losses)	(44.9)	193.4	-123.2%
(Loss)/Profit attributable to owners of the Company	(428.6)	209.8	-304.3%
Basic (loss)/earnings per share (HK cents)	(23.2)	11.3	-305.3%
Diluted (loss)/earnings per share (HK cents)	(23.2)	11.2	-307.1%
Interim dividend per share	Nil	Nil	

(In US\$ million)	30 June 2022	31 December 2021	% Change
Assets under management	7,492	10,037	-25.4%

Management discussion and analysis

The first half of 2022 continued to be challenging, with global markets broadly under pressure, including China and Asia. At the forefront of investors' concerns are the unexpected rising geopolitical tensions between Russia and Ukraine and the surging energy and commodity prices that drastically changed the world's inflation expectations. In addition, the US Fed and other central banks have started hiking interest rates at a faster-than-expected pace to combat persistently high inflation, which has much eroded the purchasing power of most consumers. Investor concerns now have turned to a possible recession, especially in the U.S., which has become one of the risk factors driving further weakness.

Elsewhere, the Omicron-induced lockdowns in China in the first half, notably in Shanghai and Beijing, further weighed on economic activities and led to supply chain disruptions. While the rest of the world has started to reopen their economies, we remain cautious about China's zero-Covid strategy and how it could further impact the country's economy.

During the first six months of 2022, the MSCI China Index was down 11.3%¹. The broader MSCI AC Asia (ex-Japan) Index also slumped, down 16.3%¹ during the same period. Given the dampened investor sentiment, the Group's funds' performances and corporate profitability dragged during the first half of 2022.

Nevertheless, despite the challenging period, we remain committed to developing our business and strengthening our franchise, with new senior hires to bolster our capabilities. We also have made progress with expanding our product suite, with more plans and initiatives to extend our client reach.

Financial highlights

As of the end of June 2022, our assets under management ("AUM") stood at US\$7.5 billion, down 25.4% from US\$10.0 billion at the end of 2021. The drop in AUM was mostly attributable to the declining performances of our funds and net outflows during the period, both mainly driven by unfavorable market conditions caused by the faster-than-expected rate hikes globally and recession fears in the United States. As a result, our gross management fees declined 39% year-on-year to HK\$307 million for the six months ended 30 June 2022 from HK\$502 million in the same period last year. In terms of fund flows, our fixed income funds continued to see net outflows during the period, as Asian bonds have been out of favor amid the increasing interest rates and lingering uncertainties over China's real estate market. Within the industry as a whole, we also saw other asset managers operating in Hong Kong having sizable outflows since the start of the year amid the dampened investor sentiment, with net redemptions amounting to US\$3.1 billion during the first five months of 2022².

On the cost front, the Group continued with its disciplined cost controls. Fixed operating expenses, including fixed salaries and benefits, rental, investment research, information technology, and other administrative and office expenses, were HK\$168 million, slightly up by 6% compared to HK\$159 million a year earlier.

As a result of the fall in gross management fees and reduction in performance fees, total revenue was squeezed. Operating loss (before other gains/losses) was HK\$45 million for the six months ending 30 June 2022. With net fair value losses of HK\$308 million on the Group's investments, which were mainly seed capital investments in its own funds, loss attributable to owners of the Company amounted to HK\$429 million for the first half of 2022.

Product highlights and expansion

Although the investment landscape was generally unfavorable, our distribution partners have continued to show support for some of our products. One of the most favored products during the period was our Asia-focused mixed-asset product, the Value Partners Asian Income Fund (“VAIF”). At a time of heightened volatility, VAIF was mostly preferred as its strategy aims to achieve lower volatility while providing better risk-adjusted returns to investors.

Meanwhile, our Asia ex-Japan High Dividend Equity strategy continued to gain recognition in the industry. In May, our High-Dividend Stocks Fund was named the best fund in the Asia ex-Japan Equity category by *AsianInvestor*'s Asset Management Awards 2022. As it enters its third decade, the Value Partners High-Dividend Stocks Fund has recorded gains of 859.8%³ as of the end of June 2022 since its inception in September 2002.

We have also continued to expand and diversify our product suite to cater to the evolving needs of investors.

In July, Value Partners and US-based EMQQ Global LLC (“EMQQ”) successfully listed the Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (“VPEMQQ ETF”, stock code: 3030 HK) on the Hong Kong Stock Exchange. The product is the first thematic ETF in Hong Kong with a global emerging markets mandate. It provides investors exposure to the long-term growth opportunities of the internet and e-commerce sectors in emerging markets. We are optimistic about the long-term outlook of these sectors, which are driven by long-term trends, such as the increasing penetration of smartphones and internet connectivity, changing demographics, and the rising middle-class affluence in these markets.

The VPEMQQ ETF brings together the complementary strengths of Value Partners and EMQQ. Value Partners has a long track record in China and Asia, supported by its on-the-ground research capabilities, while EMQQ is an ETF specialist for emerging and frontier markets for almost a decade.

The launch of the new ETF is the start of our Group's bigger ETF strategy. As we embark on our fourth decade of growth, the VPEMQQ ETF is just one of several initiatives we will be rolling out for our clients in the coming year.

Furthermore, we also have other strategies in the pipeline, including fixed income, multi-asset, and ESG mandates. As a leading Hong Kong-listed asset manager, we are committed to continuing our innovation work to cater to the evolving needs of our investors.

Management discussion and analysis

Enhancing our client relationships and reach

As the industry has also become more competitive, we have stepped up our efforts to enhance our client relationships and reach with a series of appointments to bolster our senior management team, including our distribution, sales and investment capabilities.

The Group appointed Ms. June WONG as Chief Executive Officer (“CEO”), effective 1 July 2022. Ms. WONG joined Value Partners in October 2021 as the Group’s President. As CEO, she will dedicate more effort to her responsibilities in managing the Group’s overall business, corporate strategy, and operations.

Meanwhile, Mr. Vincent CHING was appointed as Head of Intermediaries for Asia-Pacific in July 2022. In his new role, Mr. CHING oversees the management and development of fund distribution in the region and Hong Kong, including strengthening the Company’s relationships with retail and private banks. Mr. CHING was previously the Group’s Head of Hong Kong, Retail Distribution.

The Group has also hired experienced senior management staff in the first half, including Mr. Samuel SUN, Chief Risk Officer, to manage and oversee the Group’s overall risk management function. Mr. SUN is a seasoned industry executive with over 25 years of risk management. We appointed Mr. Hyung Do KIM as Senior Director, Head of ETF Business and Korea Sales. Mr. KIM leads the strategy development and execution of the Group’s ETF business and assists with the sales initiatives for Korea. Mr. Otto CHOI was also hired as Senior Director, Institutional Business, to bolster our institutional business coverage in North Asia. In Europe, Mr. David TOWNSEND was appointed as Managing Director, EMEA (Europe, Middle East, and Africa) Business to lead and grow the Company’s business across the EMEA region.

On the investment side, we have strengthened our client portfolio management (“CPM”) function with the appointment of Mr. Ricky TANG as Managing Director, Co-Head of Client Portfolio Management. Mr. TANG is responsible for the product strategy of the Group’s fixed income and multi-asset capabilities, driving and developing the franchises’ competitive positioning and strategic plans. He jointly leads the CPM function with Co-Head Mr. Frank TSUI, who focuses on the Group’s equities capabilities and is also the Group’s Head of ESG Investments.

We have also promoted Ms. Kelly CHUNG to Investment Director, Head of Multi-Assets. Ms. CHUNG, who joined the Group in April 2016 as Senior Fund Manager, has become instrumental in building out Value Partners’ multi-asset capability, building the franchise with an outperformance track record against peers.

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

Business opportunities in the Mainland

Due to market weakness and the Omicron-induced lockdowns in Shanghai, we saw some drag in our business in Mainland China. Our AUM from the Mainland stood at US\$0.63 billion at the end of June 2022, accounting for about 8.4% of the Group's total AUM. Our core business continued to be underpinned by four key segments, which are institutional clients, private fund management ("PFM") and qualified domestic limited partnership ("QDLP") mandates, retail clients via the Mainland-Hong Kong Mutual Recognition of Funds ("MRF"), and opportunities arising from the Greater Bay Area ("GBA") Wealth Management Connect ("WMC") Scheme.

As China steadily lifts pandemic restrictions, we expect business to return to normal in the second half. In addition, we continue to explore new business ventures in China, such as aiming to gain full or majority control of public asset management licenses. On the GBA Wealth Connect, we have onboarded three products on the shelves of certain eligible banks listed in the GBA WMC Scheme, and we continue working with current and potential distribution partners to add eligible products to their shelves. We continue to explore and watch out for new policies or cross-border schemes that could bring new business to our Group.

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

Initiatives overseas

As we have established our presence outside our home market, we have continued to explore ways to capture the growth opportunities in other regions.

With our business activities ramping up in Southeast Asia, we are now seeking ways to expand our client base in this fast-growing market. For example, we are developing an engagement strategy to deepen our coverage with family offices – a client segment that is growing rapidly in the region.

In Malaysia, following the listing of our first pure A-shares Shariah ETF in the world, the product continued with its success as being among the top actively traded ETFs by value and volume in the country, according to data from Bursa Malaysia⁴. The pandemic has brought newfound awareness of ESG and responsible investing within the market, which has increased the appetite for ESG products. As our Malaysia office is the hub for Shariah products, we are also exploring ways to extend our Shariah capabilities to other Southeast Asia markets, particularly to institutions in Indonesia and Brunei, as well as in the EMEA region.

Outside of Asia, we are seeing investor sentiment towards China and Asia improving, which should bode well for us in the near- to medium-term. Many asset owners have recognized the region's differentiation benefits relative to the headwinds facing many developed markets, including slowing down of growth, rising interest rates, stronger inflationary pressures, and limited policy flexibility. In light of this, they have been actively seeking a China investment specialist.

In Europe, existing institutional clients have continued their support for us. For example, a leading British financial institution has added more capital allocations this year to the mandate we secured with the firm in 2020. Riding on the success of this mandate, we are seeing encouraging and developing interest in our China equity capabilities from sovereign wealth funds in the EMEA region, with several constructive discussions underway.

In North America, we continue to focus our sales efforts on key markets and client segments, strengthening our relationships with existing clients. Currently, we are actively engaging with a local consulting firm for a client with a sizeable mandate. Meanwhile, we have also been active in broader brand-building initiatives, such as China-focused roundtable events.

Management discussion and analysis

ESG journey continues

We have remained committed to developing our ESG capabilities, 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 marked an important milestone. Last year, we expanded our team of dedicated ESG investment professionals and reached 100% coverage of our proprietary ESG assessment for all our listed investees across equities and fixed income security holdings.

The initiation of our proprietary ESG assessment framework in 2020 is the most crucial and essential milestone in our ESG journey, as it sets the ESG foundations for Value Partners' investment process and enables many ESG research developments in the inefficient emerging Asia markets going forward.

For one, our proprietary ESG assessment addresses several challenges surrounding ESG information procurement in the region. While some information or data are already present, they are not easily found or accessed as ESG disclosure in Asia remains inefficient, and additional resources are often needed to unearth this information. With our ramped-up ESG capability and on-the-ground researchers, we are able to fill in this gap to dig deeper to procure various kinds of ESG data.

Our proprietary assessment has also provided our analysts with a more systematic in-house framework to conduct ESG due diligence. Not only does this provide our analysts with a standardized way of assessing ESG factors, they are also able to gauge the materiality of ESG factors in the companies they cover. It also enables us to have a portfolio ESG rating for portfolio managers to review.

Reaching 100% coverage of our ESG assessment has also enabled us to provide more information to our clients and investors. We have started providing monthly proprietary ESG reports in the first half of 2022, which include ESG scores at the fund level and ESG rating distribution at the firm level, among others. These reports have already been incorporated in some of our client meetings since the beginning of the year.

We are also looking to leverage our proprietary ESG scorecards to improve our engagement with our investees. While we have been engaging with our investees since the firm's inception as part of its due diligence process, our scorecards should allow us to be more active in exercising our fiduciary duties on company engagement. With more information, our proprietary ESG assessment should enable us to articulate ESG awareness and concerns, such as helping them improve the quality of disclosures or ESG practices to encourage positive changes. It is pivotal for us to host discussions with investees on ESG-related practices, which should lead toward sustainable value creation and long-term resilience.

Following the successful launch of our China thematic strategy in Japan in 2021, we plan to develop our product suite further by rolling out other ESG funds in other markets. We expect a new product to be launched in this year's second half.

We are committed to ESG developments and have formed the blueprint enhancing ESG research, our responsible investment policy, reporting, and product offerings.

Market and business outlook

Despite a weak macro backdrop in the investment landscape, we believe there are some silver linings. In China, we continue to view that its counter-cyclical pro-growth policies, which contrast with other parts of the world, and fine-tuned regulations shall support its growth stability agenda in 2022. Meanwhile, although we remain cautious and closely monitor China's zero-Covid strategy, newly reported Covid cases have been falling, and more measures are being taken to ensure logistic flows and production resumptions. In Asia, inflation shall continue to drive diverging performances within the region. Nevertheless, the easing disruptions in the supply chain may help lower inflation pressures and lift investor sentiment.

Overall, we are cautiously optimistic about the China and Asia markets. While we are positive about China's pro-growth policies, we expect market volatility to persist given the unwavering concerns about rate hikes, quantitative tightening, and recession fears in the US, as well as their ripple effects on Asian markets. We are also monitoring the rising inflationary pressures in other Asian markets, which may exert downward pressure. We believe having a selective and bottom-up focus on quality fundamentals could be rewarding for long-term investors as some valuations offer compelling investment opportunities.

On the business front, Value Partners has continued its upward momentum of developing its business as we expand our product suite, bolster our investment capabilities, and explore ways to amplify our client reach in different markets and segments. Despite some drags in the industry, we remain positive longer-term in the opportunities that the asset and wealth management industry presents. As we further grow our business, we believe we are well-positioned to take advantage of the ever-changing needs of investors both locally and globally.

Appreciation

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

1. MSCI, 30 June 2022.
2. Hong Kong Investment Funds Association, Report for Retail Sales and Redemptions by Hong Kong Investors.
3. Value Partners High-Dividend Stocks Fund (Class A1, USD) was launched on 2 September 2002. Calendar returns of the fund 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 30 June): -14.3%.
4. Bursa Malaysia Group, as of 30 April 2022. The information is provided for general information only.

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.

Financial review

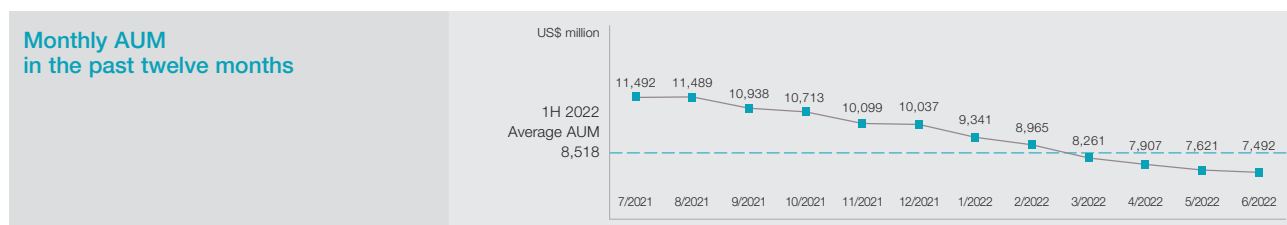
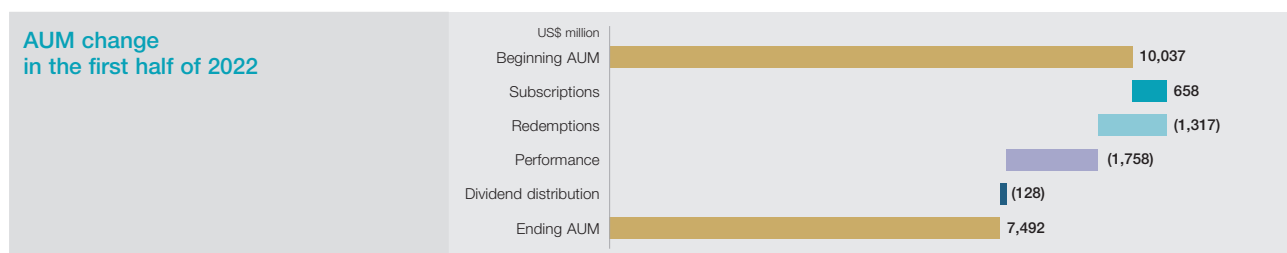
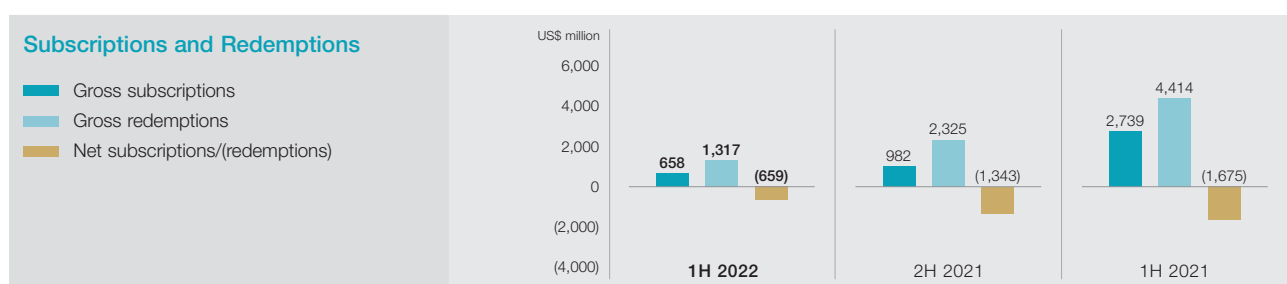
Assets Under Management (“AUM”)

AUM and return

The Group’s AUM stood at US\$7,492 million at the end of June 2022 (31 December 2021: US\$10,037 million). The decline was mainly attributable to the negative fund returns of US\$1,758 million and a net redemption of US\$659 million in the first half of 2022 driven by unfavorable market conditions and also rising interest rates.

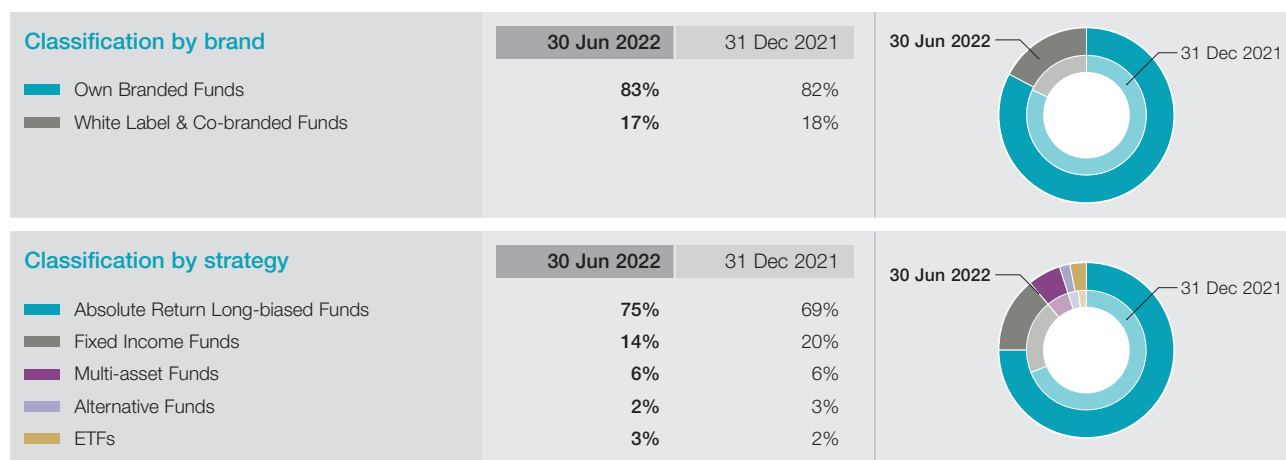
Overall fund performance¹, calculated as the asset-weighted average return of funds under management, was a decline of 17.9% in the period under review. Among our funds, the Value Partners High-Dividend Stocks Fund² and the Value Partners Classic Fund³ fell 14.3% and 21.8%, respectively, during the period.

In the first half of 2022, gross subscriptions decreased to US\$658 million from US\$982 million in the second half of 2021. Gross redemptions for the first half of 2022 decreased to US\$1,317 million from US\$2,325 million in the second half of 2021 with a net redemption of US\$659 million (2H 2021: US\$1,343 million).



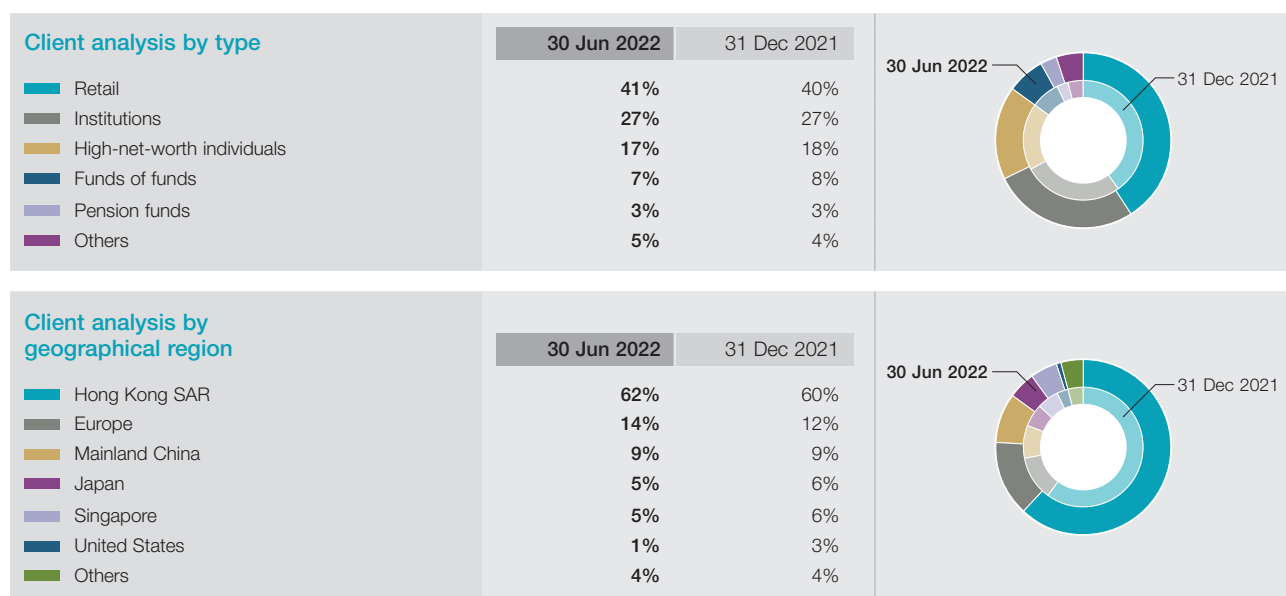
AUM by category

The charts below show breakdowns of the Group's AUM as at 30 June 2022 using two classifiers: brand and strategy. Own Branded Funds (83%) remained the biggest contributor to the Group's AUM. By strategy, Absolute Return Long-biased Funds (75%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (14%), where the majority of AUM was contributed by the Value Partners Greater China High Yield Income Fund.



Client base

During the period, institutional clients – including institutions, high-net-worth individuals, pension funds, endowments and foundations, funds of funds, and family offices and trusts – remained the Group's primary set of fund investors, accounting for 59% of total AUM (31 December 2021: 60%). Meanwhile, retail clients contributed 41% of total AUM (31 December 2021: 40%). In terms of geographic location, Hong Kong clients continued to be the largest segment, contributing 62% of the Group's AUM (31 December 2021: 60%). There was a notable rise in the share of AUM attributable to clients in Europe, which increased to 14% (31 December 2021: 12%) due to the increased subscription in a Chinese equity mandate from a European client. The share of AUM contributed by clients in mainland China remained stable at 9% (31 December 2021: 9%).



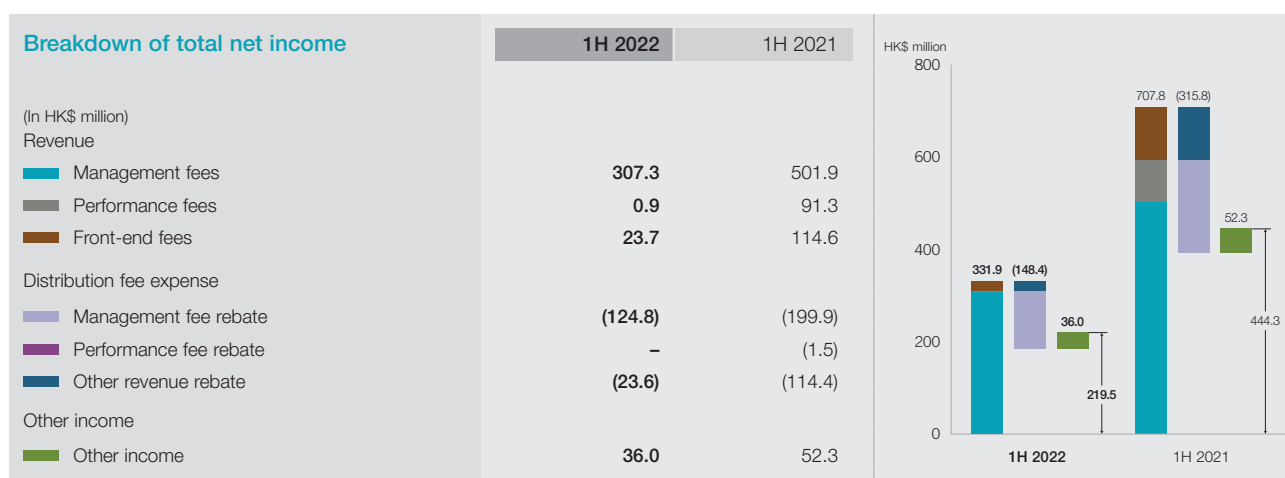
Financial review

Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	1H 2022	1H 2021	% Change
Total revenue	331.9	707.8	-53.1%
Gross management fees	307.3	501.9	-38.8%
Gross performance fees	0.9	91.3	-99.0%
Operating (loss)/profit (before other gains/losses)	(44.9)	193.4	-123.2%
(Loss)/profit attributable to owners of the Company	(428.6)	209.8	-304.3%
Basic (loss)/earnings per share (HK cents)	(23.2)	11.3	-305.3%
Diluted (loss)/earnings per share (HK cents)	(23.2)	11.2	-307.1%
Interim dividend per share (HK cents)	Nil	Nil	

Revenue and fee margin



The Group's loss attributable to owners of the Company amounted to HK\$428.6 million for the six months ended 30 June 2022 (1H 2021 profit: 209.8 million). Gross management fees, the Group's largest revenue contributor, decreased to HK\$307.3 million (1H 2021: HK\$501.9 million) with the decrease in the Group's AUM.

During the period, our annualized gross management fee margin decreased to 95 basis points (1H 2021: 98 basis points) due to higher AUM portion with a lower management fee margin compared to the first half of 2021. Our annualized net management fee margin was narrowed down to 57 basis points (1H 2021: 59 basis points), while our management fee rebates for distribution channels decreased to HK\$124.8 million (1H 2021: HK\$199.9 million).

Gross performance fees, another source of revenue, decreased to HK\$0.9 million (1H 2021: HK\$91.3 million) for the current period as returns of most of the Group's funds did not surpass their previous high watermarks. 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.

Other revenue mainly included front-end load, 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 and rental income from an investment property, totaled HK\$36.0 million (1H 2021: HK\$52.3 million).

Other gains or losses

(In HK\$ million)	1H 2022	1H 2021
Net (losses)/gains on investments		
Realized gains on financial assets at fair value through profit or loss	239.9	3.6
Net unrealized (losses)/gains on financial assets at fair value through profit or loss	(562.4)	29.4
Net change in unrealized gains of an investment property	14.8	11.9
Net foreign exchange losses	(71.6)	(11.2)
Other (losses)/gains – net	(379.3)	33.7

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. The significant change from prior year same period was mainly due to mark-to-market losses of the Group's seed capital investments given the current challenging market environment faced by all asset managers.

Investments in joint ventures

In 2017, the Group set up Value Partners Asia Pacific Real Estate Limited Partnership (the "Real Estate Partnership") to engage in real estate private equity business. As at 30 June 2022, the Real Estate Partnership held three logistic centers located in Japan and two commercial property projects located in Australia through three joint ventures in which the Group had 50%, 50% and 15% equity interest, respectively (As at 31 December 2021, the Real Estate Partnership held three logistics centers located in Japan and a commercial property project located in Australia through two joint ventures in which the Group had 50% and 15% equity interest, respectively.) The Group's share of gains amounted to HK\$1.9 million (1H 2021: HK\$16.7 million), which was attributable to the rental income and fair value gain of the properties for the six months ended 30 June 2022.

Cost management

Breakdown of total expenses	1H 2022	1H 2021
(In HK\$ million)		
Compensation and benefit expenses		
Fixed salaries and staff benefits	120.6	112.9
Management bonus	55.9	53.3
Staff rebates	1.8	4.8
Share-based compensation expenses	14.2	14.6
Other expenses		
Other operating costs	26.7	31.0
Information processing and communications	19.8	15.4
Sales and marketing	2.9	3.9
Depreciation (excluding depreciation of right-of-use assets – properties)	6.8	9.8
Non-recurring expenses	15.6	5.1



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

Financial review

Compensation and benefit expenses

During the period, salaries and staff benefits (excluding bonus) increased by HK\$7.7 million to HK\$120.6 million (1H 2021: HK\$112.9 million). Management bonus for the period amounted to HK\$55.9 million (1H 2021: HK\$53.3 million) which was mainly resulted from the realized gain from the Group's investments in the Real Estate Partnership. Given the net loss for the period of the Group, the Board of Director would reassess the management bonus provision by end of 2022 after considering the full year operating result.

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

The staff of Value Partners is entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group. Staff rebates for the period amounted to HK\$1.8 million (1H 2021: HK\$4.8 million).

During the period, the Group recorded expenses of HK\$14.2 million (1H 2021: HK\$14.6 million), which were related to stock options granted to employees. This expense item had no impact on cash flows and was recognized in accordance with Hong Kong Financial Reporting Standards.

Other expenses

Other non-staff operating costs – such as rent, information processing and communications, legal and professional fees, investment research fees, and other administrative and office expenses – amounted to HK\$46.5 million for the period (1H 2021: HK\$46.4 million), while sales and marketing expenses decreased to HK\$2.9 million (1H 2021: HK\$3.9 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.

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. As at 30 June 2022, the Group's balance sheet and cash flow positions remained strong, with a net cash balance of HK\$1,603.6 million. Other than relevant borrowings pledged with property asset by the Real Estate Partnership of HK\$77.1 million (31 December 2021: HK\$82.6 million), the Group had no other corporate bank borrowings and did not pledge any other assets as collateral for overdrafts or other loan facilities. The Group's debt-to-equity ratio, measured by interest bearing external borrowings (excluding borrowings as mentioned above) divided by shareholders' equity, was zero, while its current ratio (current assets divided by current liabilities) was 11.0 times.

Capital structure

As at 30 June 2022, the Group's shareholders' equity and total number of shares issued were HK\$4,649.2 million and 1.84 billion shares, 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 30 June): -14.3%.
3. 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 30 June): -21.8%.

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.

SFC authorisation 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.

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF VALUE PARTNERS GROUP LIMITED**
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 16 to 40, which comprises the interim condensed consolidated balance sheet of Value Partners Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 August 2022

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Income			
Fee income	6	331,944	707,806
Distribution fee expenses		(148,473)	(315,842)
Net fee income		183,471	391,964
Other income	7	35,979	52,295
Total net income		219,450	444,259
Expenses			
Compensation and benefit expenses	8	(178,432)	(171,086)
Share-based compensation	22	(14,172)	(14,577)
Operating lease rentals		(2,848)	(3,878)
Depreciation of right-of-use assets – properties		(10,184)	(13,417)
Other expenses		(58,712)	(47,877)
Total expenses		(264,348)	(250,835)
Operating (loss)/profit (before other gains/losses)		(44,898)	193,424
Net (losses)/gains on investments		(322,493)	32,956
Net change in unrealized gains of an investment property	14,19	14,828	11,945
Net foreign exchange losses		(71,589)	(11,232)
Other (losses)/gains – net	9	(379,254)	33,669
Operating (loss)/profit (after other gains/losses)		(424,152)	227,093
Finance costs		(2,350)	(1,584)
Share of gains on joint ventures	16,19	1,897	16,687
(Loss)/profit before tax		(424,605)	242,196
Tax expense	10	(3,983)	(32,378)
(Loss)/profit for the period attributable to owners of the Company		(428,588)	209,818
Other comprehensive (loss)/income for the period – Item that may be subsequently reclassified to profit or loss			
Foreign exchange translation		(15,902)	7,962
Total comprehensive (loss)/income for the period attributable to owners of the Company		(444,490)	217,780
Earnings per share attributable to owners of the Company (HK cents per share)			
Basic (loss)/earnings per share	12	(23.2)	11.3
Diluted (loss)/earnings per share	12	(23.2)	11.2

The notes on pages 20 to 40 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated balance sheet

As at 30 June 2022

	Note	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Non-current assets			
Property, plant and equipment	13	179,825	192,106
Right-of-use assets		38,764	46,292
Investment property	14,19	193,495	190,572
Intangible assets	15	13,431	14,930
Investments in joint ventures	16,19	654,635	424,039
Deferred tax assets		1,788	1,538
Investments	17,18	1,838,549	2,820,414
Other assets		9,455	8,838
		2,929,942	3,698,729
Current assets			
Investments	18	198,277	25,601
Fees receivable	20	78,011	190,060
Tax receivable		96,310	59,936
Prepayments and other receivables		26,103	30,079
Cash and cash equivalents	21	1,603,645	1,665,937
		2,002,346	1,971,613
Current liabilities			
Accrued bonus		60,075	129,192
Distribution fee expenses payable	23	64,036	92,020
Other payables and accrued expenses		39,258	44,926
Lease liabilities		19,158	19,771
		182,527	285,909
Net current assets		1,819,819	1,685,704
Non-current liabilities			
Accrued bonus		3,972	11,166
Borrowing	19	77,075	82,634
Lease liabilities		19,122	25,878
Deferred tax liabilities		377	–
		100,546	119,678
Net Assets		4,649,215	5,264,755
Equity			
Equity attributable to owners of the Company			
Issued equity	22	1,347,487	1,385,078
Other reserves		80,193	83,130
Retained earnings		3,221,535	3,796,547
Total equity		4,649,215	5,264,755

The notes on pages 20 to 40 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2022

	Note	Attributable to owners of the Company			
		Issued equity HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Unaudited					
As at 1 January 2021		1,407,105	296,588	3,714,349	5,418,042
Profit for the period		–	–	209,818	209,818
Other comprehensive income					
Foreign exchange translation		–	7,962	–	7,962
Total comprehensive income		–	7,962	209,818	217,780
Transactions with owners					
Shares repurchase	22	(2,614)	–	–	(2,614)
Share-based compensation	22	–	14,577	–	14,577
Transfer of share-based compensation reserve upon forfeiture of share options		–	(20,514)	20,514	–
Dividends to owners of the Company		–	–	(630,728)	(630,728)
Total transactions with owners		(2,614)	(5,937)	(610,214)	(618,765)
As at 30 June 2021		1,404,491	298,613	3,313,953	5,017,057
Unaudited					
As at 1 January 2022		1,385,078	83,130	3,796,547	5,264,755
Loss for the period		–	–	(428,588)	(428,588)
Other comprehensive loss					
Foreign exchange translation		–	(15,902)	–	(15,902)
Total comprehensive loss		–	(15,902)	(428,588)	(444,490)
Transactions with owners					
Shares repurchase	22	(37,591)	–	–	(37,591)
Share-based compensation	22	–	14,172	–	14,172
Transfer of share-based compensation reserve upon forfeiture of share options		–	(1,207)	1,207	–
Dividends to owners of the Company	11	–	–	(147,631)	(147,631)
Total transactions with owners		(37,591)	12,965	(146,424)	(171,050)
As at 30 June 2022		1,347,487	80,193	3,221,535	4,649,215

The notes on pages 20 to 40 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net cash (used in)/generated from operations	(36,953)	1,145,117
Interest received	20,890	27,190
Tax paid	(40,230)	(15,410)
Net cash (used in)/generated from operating activities	(56,293)	1,156,897
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(464)	(5,991)
Purchase of investments	(184,605)	(662,763)
Disposal of investments	649,104	149,405
Return of capital from investments	24,225	–
Dividends received from investments	769	11,482
Acquisition of a joint venture	–	(88,150)
Net change in shareholders' loans on joint ventures	(261,082)	52,559
Dividends received from a joint venture	–	13,598
Net cash generated from/(used in) investing activities	227,947	(529,860)
Cash flows from financing activities		
Dividends paid	(147,631)	(630,728)
Principal elements of lease payments	(10,967)	(13,614)
Interest expense on borrowing	(1,400)	(1,075)
Shares repurchase	(37,591)	(2,614)
Net cash used in financing activities	(197,589)	(648,031)
Net decrease in cash and cash equivalents	(25,935)	(20,994)
Net foreign exchange losses on cash and cash equivalents	(36,357)	(14,481)
Cash and cash equivalents at beginning of the period	1,665,937	1,974,408
Cash and cash equivalents at end of the period	1,603,645	1,938,933

The notes on pages 20 to 40 are an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

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 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”).

This interim condensed consolidated financial information is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board of Directors on 11 August 2022.

This interim condensed consolidated financial information has been reviewed, not audited.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

4 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	
	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Investments (Note 18)								
Listed securities	621,620	446,071	-	-	7,002	7,780	628,622	453,851
Unlisted securities								
Loan note – Australia	-	-	-	-	-	691,002	-	691,002
Equity securities	-	-	-	1,685	1,571	-	1,571	1,685
Investment funds	-	-	1,289,068	1,553,000	117,565	146,477	1,406,633	1,699,477
Sub-total	621,620	446,071	1,289,068	1,554,685	126,138	845,259	2,036,826	2,846,015

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

The fair value of financial instruments that are not traded in an active market is determined by 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 instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

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

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

4 Fair value estimation (continued)

The following table represents the movement in level 3 instruments.

	Period ended 30 June 2022					Year ended 31 December 2021			
	Listed securities	Unlisted securities – investment funds	Unlisted securities – equity security	Unlisted securities – loan note	Total	Listed securities	Unlisted securities – investment funds	Unlisted securities – loan note	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
As at 1 January	7,780	146,477	-	691,002	845,259	-	218,703	476,863	695,566
Addition	-	-	-	-	-	-	265	-	265
Transfer	-	-	1,685	-	1,685	7,780	-	-	7,780
Disposal	-	-	-	(639,109)	(639,109)	-	-	-	-
Return of capital from investments	-	(24,225)	-	-	(24,225)	-	-	-	-
(Losses)/gains recognized in profit or loss and included in net (losses)/gains on investments	(778)	(4,687)	(114)	(51,893)	(57,472)	-	(72,491)	214,139	141,648
As at 30 June 2022/ 31 December 2021	7,002	117,565	1,571	-	126,138	7,780	146,477	691,002	845,259
Change in unrealized (losses)/gains for level 3 instruments held at period/year end and included in profit or loss and net (losses)/gains on investments	(778)	(4,687)	(114)	(51,893)	(57,472)	-	(72,491)	214,139	141,648

As at 30 June 2022, the level 3 instruments include one suspended listed security, two investment funds and one equity security (Note 18). As at 31 December 2021, the level 3 instruments includes one suspended listed security, two investment funds and a loan note with a related call option.

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

As at 30 June 2022, the suspended listed security was valued with reference to its last transaction price, subject to further illiquidity adjustment. The Group considers that the change in the input to the valuation model would not have a significant effect on the Group's result. No quantitative analysis has been presented.

As at 30 June 2022 and 31 December 2021, the investment funds were stated with reference to the net asset value provided by the respective administrators of the investment funds.

During the period ended 30 June 2022, there was no addition of level 3 instruments. During the year ended 31 December 2021, the addition of HK\$265,000 represented a capital contribution to an existing private equity fund.

There was a transfer from level 2 to level 3 of an equity security in the fair value measurement hierarchy. There were no transfers between levels of the fair value measurement hierarchy for the year ended 31 December 2021.

As level 3 investment funds are closed-ended, 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 they consider appropriate.

4 Fair value estimation (continued)

As at 31 December 2021, the loan note with a related call option was valued using discounted cash flow analysis with expected market yield of 5.125% (the discount rate) as the unobservable input. The loan note was repaid during the period ended 30 June 2022.

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

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

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

5 Segment information

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

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 considers the business from a product perspective.

The Group has one reportable segment – asset management business as at 30 June 2022 and 31 December 2021. The asset management business derives revenues from the provision of investment management services to investment funds and managed accounts.

The Board of Directors assesses the performance of the operating segment based on the measure of profit or loss before tax.

The revenue, profit or loss before tax, total assets and total liabilities reported to the Board of Directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the interim condensed consolidated financial information. 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.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

6 Revenue

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Management fees	307,268	501,893
Performance fees	896	91,343
Front-end fees	23,780	114,570
Total fee income	331,944	707,806

7 Other income

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income from cash and cash equivalents	8,339	11,830
Interest income from financial assets at fair value through profit or loss	9,971	16,595
Dividend income from financial assets at fair value through profit or loss	4,458	13,369
Rental income from an investment property	5,991	5,631
Others	7,220	4,870
Total other income	35,979	52,295

8 Compensation and benefit expenses

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Salaries, wages, pension costs and other benefits	122,456	117,782
Management bonus	55,976	53,304
Total compensation and benefit expenses	178,432	171,086

For the details of management bonus and the deferred bonus plan for employees, please refer to “Financial review – Compensation and benefit expenses”.

For the period ended 30 June 2022, government wage subsidies amounting to HK\$1,600,000 (2021: Nil) are included in the “compensation and benefit expenses” line item. There are no unfulfilled conditions or other contingencies attaching to these subsidies.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

9 Other gains/losses – net

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Net (losses)/gains on investments		
Realized gains on financial assets at fair value through profit or loss	239,877	3,578
Net unrealized (losses)/gains on financial assets at fair value through profit or loss	(562,370)	29,378
Net change in unrealized gains of an investment property	14,828	11,945
Net foreign exchange losses	(71,589)	(11,232)
Total other (losses)/gains – net	(379,254)	33,669

10 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 interim condensed consolidated financial information.

Hong Kong profits tax has been provided on the estimated assessable profit for the six months ended 30 June 2022 at the rate of approximately 16.5% (2021: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current tax		
Hong Kong profits tax	484	28,105
Overseas tax	4,139	8,616
Adjustments in respect of prior years	(783)	(3,799)
Total current tax	3,840	32,922
Deferred tax		
Origination and reversal of temporary differences	143	(544)
Total tax expense	3,983	32,378

11 Dividends

Final dividend of HK\$147,999,000 declared by the Company was related to the year ended 31 December 2021 and HK\$147,631,000 was paid on 25 May 2022. No interim dividend was proposed by the Board of Directors for the six months ended 30 June 2022 (2021: Nil).

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

12 Earnings per share

The calculations of basic and diluted earnings per share are based on the loss attributable to owners of the Company of HK\$428,588,000 (2021: profit of HK\$209,818,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,845,114,000 (2021: 1,855,043,000). The diluted earnings per share is calculated by adjusting the weighted average number of shares in issue during the period of 1,845,114,000 (2021: 1,855,043,000) by Nil (2021: 15,175,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

13 Property, plant and equipment

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Opening net book amount	192,106	193,928
Additions	464	6,921
Depreciation	(5,359)	(14,074)
Exchange differences	(7,386)	5,331
Closing net book amount	179,825	192,106

14 Investment property

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Beginning of the period/year	190,572	181,000
Fair value gain	14,828	18,460
Foreign exchange translation	(11,905)	(8,888)
End of the period/year	193,495	190,572

On 21 September 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand with a consideration of HK\$146,390,000, which was subsequently revalued by the Group as at 30 June 2022 and 31 December 2021.

The Group measures its investment property at fair value, by engaging an independent qualified valuer. The fair value assessment is derived by 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 related to the investment in the Real Estate Partnership. Refer to Note 19 for further information.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

15 Intangible assets

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Opening net book amount	14,930	16,360
Additions	–	1,524
Amortization	(1,419)	(3,027)
Exchange differences	(80)	73
Closing net book amount	13,431	14,930

Intangible assets consist of computer software and club memberships.

16 Investments in joint ventures

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

Name	Place of incorporation	Principal activities	Interest held	
			30 June 2022 Unaudited	31 December 2021 Audited
Value Investing Group Company Limited	Hong Kong	Investment holding	50%	50%
Clear Miles Hong Kong Limited	Hong Kong	Investment holding	50%	50%
VP-ZACD Fund Holdings Pte. Ltd.	Singapore	Investment holding	50%	50%
AM 310 Ann Street Investor Unit Trust	Australia	Investment holding	15%	15%

The Group's investments in joint ventures are mainly related to the investments in the Real Estate Partnership. Refer to Note 19 for further information.

As at 30 June 2022, Value Investing Group Company Limited has a beneficial interest in a trust which owns three logistic centers located in Japan (31 December 2021: three).

On 18 February 2021, the Group subscribed 15% of the interest of AM 310 Ann Street Investor Unit Trust with a consideration of AUD15,000,000 (equivalent to HK\$88,150,000) and decisions about the relevant activities require unanimous consent of the parties sharing control. As at 30 June 2022, AM 310 Ann Street Investor Unit Trust holds an Australian commercial building (31 December 2021: one).

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

16 Investments in joint ventures (continued)

As at 30 June 2022, Clear Miles Hong Kong Limited has a beneficial interest in AM Kent Street Investor Trust which owns an Australian commercial project consisting of two office buildings (31 December 2021: Nil). During the year ended 31 December 2021, Clear Miles Hong Kong Limited 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 and it invested AUD 11.0 million (equivalent to HK\$61.9 million) in which the Group's portion amounted to AUD5.5 million (equivalent to HK\$30.9 million). During the period ended 30 June 2022, Clear Miles Hong Kong Limited further invested AUD 99.0 million (equivalent to HK\$548.0 million) in which the Group's portion amounted to AUD49.5 million (equivalent to HK\$281.9 million) for subscription of 110,000,000 units in AM Kent Street Investor Trust. The subscription of units was completed and approved by the Australian Foreign Investment Review Board in April 2022.

There are no investments or activities for VP-ZACD Holding Pte. Ltd. for the period ended 30 June 2022 (2021: Nil).

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

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Investments in joint ventures		
Beginning of the period/year	240,446	135,217
Share of gains of joint ventures	1,897	40,530
Acquisition of a joint venture	–	88,150
Dividends received from a joint venture	–	(13,598)
Capital redemption	–	(4,705)
Exchange differences	(1,270)	(5,148)
	241,073	240,446
Shareholders' loans included in investments in joint ventures		
Beginning of the period/year	183,593	207,012
Net change in shareholders' loans (note a)	261,082	(6,246)
Exchange differences	(31,113)	(17,173)
	413,562	183,593
End of the period/year	654,635	424,039

- a) During the period ended 30 June 2022, the Real Estate Partnership made a contribution of shareholders' loan of AUD49.5 million (equivalent to HK\$281.9 million) to Clear Miles Hong Kong Limited. Also, the Real Estate Partnership received repayments of shareholders' loan of AUD0.3 million (equivalent to HK\$1.5 million) and JPY303.0 million (equivalent to HK\$19.3 million) from Clear Miles Hong Kong Limited and Value Investing Group Company Limited respectively.

During the year ended 31 December 2021, the Real Estate Partnership made a contribution of shareholders' loan of AUD5.5 million (equivalent to HK\$30.9 million) to Clear Miles Hong Kong Limited. Also, the Real Estate Partnership received repayments of shareholders' loan of AUD2.8 million (equivalent to HK\$16.6 million) and JPY290.0 million (equivalent to HK\$20.5 million) from Clear Miles Hong Kong Limited and Value Investing Group Company Limited respectively. Shareholders' loans are unsecured, non-interest bearing and have no fixed repayment terms. Shareholders can demand full repayment of loans upon written demand.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

17 Investments in associates

Investments in associates measured at fair value

Investments in associates are categorized within “non-current investments” in the interim condensed consolidated balance sheet.

Where the Group has an interest 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	
		30 June 2022 Unaudited	31 December 2021 Audited
惠理中國鴻信1號私募證券投資基金	China	47%	47%
惠理中國豐泰1號私募投資基金	China	22%	22%
Value Partners Asia Principal Credit Fund Limited Partnership	Cayman Islands	29%	29%
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	South Korea	85%	81%
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	China	49%	49%

	Amount held by the Group		Net asset value		Profit/(loss) for the period/year and total comprehensive income/(loss)	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
惠理中國鴻信1號私募證券投資基金	2,379	2,762	5,080	5,900	(572)	(1,560)
惠理中國豐泰1號私募投資基金	1,822	2,009	8,328	9,163	(452)	(2,181)
Value Partners Asia Principal Credit Fund Limited Partnership	112,718	141,596	383,241	481,426	(15,576)	(91,444)
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	39,311	46,346	46,004	57,062	868	(501)
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	2,885	2,867	5,938	6,230	6	(42)
	159,115	195,580	448,591	559,781	(15,726)	(95,728)

The fair value of the Group's interest in such investment funds are summarized in Note 25.3.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

18 Investments

Investments include the following:

	Financial assets at fair value through profit or loss	
	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Listed securities (by place of listing)		
Listed securities – Long – Hong Kong	184,572	7,780
Investment funds – Hong Kong	426,191	425,212
Investment funds – Malaysia	17,859	20,859
Market value of listed securities	628,622	453,851
Unlisted securities (by place of incorporation/establishment)		
Equity securities – Singapore	1,571	1,685
Investment funds – Cayman Islands	121,519	156,381
Investment funds – China	27,819	28,620
Investment funds – Hong Kong	481,784	586,829
Investment funds – Ireland	666,828	785,618
Investment funds – South Korea	39,311	46,346
Investment funds – United States	69,372	95,683
Loan note – Australia	–	691,002
Fair value of unlisted securities	1,408,204	2,392,164
Representing:		
Non-current	1,838,549	2,820,414
Current	198,277	25,601
Total investments	2,036,826	2,846,015

As at 30 June 2022, HK\$159 million (31 December 2021: HK\$196 million) of investments in associates are classified as “non-current investments” in the condensed consolidated balance sheet.

Interests in structured entities

The Group provided seed capital to set up certain investment funds where the Group acts as the investment manager or investment advisor. As at 30 June 2022 and 31 December 2021, except for the consolidated investment fund disclosed in Note 19, the Group determined that all of the other investment funds are unconsolidated structured entities. Refer to Note 25.3 for further details.

The maximum exposure to loss for all interests in unconsolidated structured entities is the carrying value of the investments in investment funds (refer to Note 25.3) and fees receivable as shown in the condensed consolidated balance sheet. The net asset value of the investment funds held by the Group ranges from HK\$2,000 to HK\$0.5 billion (31 December 2021: HK\$2,000 to HK\$0.5 billion). During the period, other than seed capital, the Group did not provide other financial support to unconsolidated structured entities and had no intention of providing other support.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

19 Investments in Value Partners Asia Pacific Real Estate Limited Partnership

In 2017, the Group set up the Real Estate Partnership to engage in real estate private equity business. The Real Estate Partnership focuses on the acquisition of stabilized income assets in the Asia Pacific. As at 30 June 2022, the Group committed US\$122 million (equivalent to HK\$954 million) capital to the Real Estate Partnership (31 December 2021: US\$100 million (equivalent to HK\$782 million)).

On 22 April 2022, the subsidiary of the Group made a capital contribution of US\$22 million (equivalent to HK\$172 million) to the Real Estate Partnership. There was no undrawn capital commitment as at 30 June 2022 (31 December 2021: Nil). On 27 May 2022, the Group received a distribution of AUD116.5 million (equivalent to HK\$644 million) from the disposal of an investment held by the Real Estate Partnership and a realized gain of HK\$240 million was recognized in the condensed consolidated statement of comprehensive income.

As at 30 June 2022 and 31 December 2021, the Group held controlling interest in the Real Estate Partnership and all assets and liabilities of this fund was consolidated within the Group's condensed consolidated balance sheet.

	Place of incorporation	Effective interest held			
		30 June 2022 Unaudited		31 December 2021 Audited	
		Directly	Indirectly	Directly	Indirectly
Value Partners Asia Pacific Real Estate Limited Partnership	Cayman Islands	–	100%	–	100%

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

19 Investments in Value Partners Asia Pacific Real Estate Limited Partnership (continued)

As at 30 June 2022 and 31 December 2021, the assets and liabilities held by the Real Estate Partnership consolidated within the Group's condensed consolidated balance sheet are as follows:

	Underlying investments	Note	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Non-current assets:				
Investments in joint ventures	– Three Japanese logistic centers	(i)	654,635	424,039
	– Two Australian commercial projects (2021: one)			
Investment property	– One New Zealand student accommodation building	(ii)	193,495	190,572
Investments – Loan note	– Nil (2021: one Australian office building)	(iii)	–	691,002
Non-current liability:				
Borrowing		(iv)	(77,075)	(82,634)
Other net assets (current)		(v)	12,755	101,800
Total			783,810	1,324,779

(i) For the background of investments in joint ventures, please refer to Note 16 for details.

(ii) The Real Estate Partnership held a student accommodation located in New Zealand. Refer to Note 14 for further details.

(iii) As at 31 December 2021, the Real Estate Partnership held a loan note with a related call option issued by a Finance Unit Trust (the "Finance Trust"). The proceeds from the loan note were used solely by the Finance Trust to invest in the units of another trust which holds a property in Australia. The related call option is exercisable (1) in the event of default by the Finance Trust; or (2) execution of any contract to sell, dispose, or transfer the Australian property or the property of the Finance Trust. The exercise of the related call option enables the Group to own interest (in the form of ordinary units) in the Finance Trust. The loan note was held by the Group with a cost of HK\$403.7 million and the fair value represented 12.2% of the Group's total assets as at 31 December 2021. For the year ended 31 December 2021, the Group received interest income amounted to HK\$29.9 million and recognized a net unrealized investment gain amounted to HK\$214.1 million with respect to such loan note. Refer to Note 4 for further details. On 24 May 2022, the loan note was early repaid by Finance Unit Trust with a consideration of AUD116.5 million (equivalent to HK\$644 million).

(iv) The Real Estate Partnership's borrowing of NZD15,535,000 (equivalent to HK\$77,075,000) (31 December 2021: NZD15,675,000 (equivalent to HK\$82,634,000)) is secured by the student accommodation building located in New Zealand with a fair value of HK\$193,495,000 (31 December 2021: HK\$190,572,000) as the collateral of the borrowing. The repayment date is 18 October 2023 and the effective interest rate is the sum of the lending bank's bill rate for that interest period plus a margin of 2.25% (31 December 2021: 2.25%) per annum.

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

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

20 Fees receivable

The carrying amounts of fees receivable approximate their respective 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 30 June 2022 (31 December 2021: Nil).

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

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Fees receivable that were past due but not impaired		
1 – 30 days	1,950	405
31 – 60 days	–	702
61 – 90 days	588	465
Over 90 days	6,461	4,634
	8,999	6,206
Fees receivable that were within credit period	69,012	183,854
Total fees receivable	78,011	190,060

Fees receivable from investment management activities are generally deducted from the net asset value 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 30 June 2022 (31 December 2021: Nil).

21 Cash and cash equivalents

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Cash at banks and in hand	227,082	304,663
Short-term bank deposits	1,369,990	1,360,687
Deposits with brokers	6,573	587
Total cash and cash equivalents	1,603,645	1,665,937

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

22 Issued equity

	Number of shares	Share capital HK\$'000	Share premium HK\$'000	Reorganization reserve HK\$'000	Total issued equity HK\$'000
Audited					
As at 1 January 2021	1,855,082,831	185,508	2,088,410	(866,813)	1,407,105
Shares repurchase	(5,100,000)	(510)	(21,517)	-	(22,027)
As at 31 December 2021	1,849,982,831	184,998	2,066,893	(866,813)	1,385,078
Unaudited					
As at 1 January 2022	1,849,982,831	184,998	2,066,893	(866,813)	1,385,078
Shares repurchase	(12,433,000)	(1,243)	(36,348)	-	(37,591)
As at 30 June 2022	1,837,549,831	183,755	2,030,545	(866,813)	1,347,487

As at 30 June 2022, the total authorized number of ordinary shares of the Company was 5,000,000,000 shares (2021: 5,000,000,000 shares) with a par value of HK\$0.1 (2021: HK\$0.1) per share and all issued shares were fully paid.

The ordinary shares are non-redeemable and are entitled to dividends. Each ordinary share carries one vote. In the case of winding up of the Company, ordinary shares carry the right to return the paid-up capital and any balance then remaining.

The Company purchased a total of 12,433,000 shares on the Stock Exchange during the period ended 30 June 2022 (30 June 2021: 556,000 shares) and the aggregate consideration paid was HK\$37,591,000 (30 June 2021: HK\$2,614,000). As at 30 June 2022, the purchased 12,433,000 shares were cancelled (30 June 2021: 556,000 shares were under the procedures of cancellation).

Share options

The Group operates a share option scheme for directors, employees and others whom the Board of Directors considers, in its sole discretion, have contributed or will contribute to the Group. The share option scheme is effective for a period of ten years from the date it was adopted, after which no new share options will be granted but the provisions of the scheme will remain in full force and effect in all other respects. The share options are subject to terms as the Board of Directors may determine. Such terms may include the exercise price of the share options, the minimum period for which the share options must be held before they can be exercised in whole or in part, the conditions that must be reached before the share options can be exercised. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. 9,250,000 options were granted under the share option scheme during the six months ended 30 June 2022 (period ended 30 June 2021: 8,000,000 options).

The total expense recognized in the condensed consolidated statement of comprehensive income for share options granted to directors and employees during the six months ended 30 June 2022 was HK\$14,172,000 (six months ended 30 June 2021: HK\$14,577,000) which has no impact to the Group's cash flows. The weighted average fair value of options granted during the period/year 2022 and 2021 was determined using the Black-Scholes valuation model. The total fair value of options granted is amortized over the vesting period. The significant inputs into the model included share price at the grant date, exercise price, estimated volatility, estimated 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.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

22 Issued equity (continued)

Share options (continued)

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)
Audited		
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
Unaudited		
As at 1 January 2022	4.65	92,309
Forfeited	3.94	(500)
Forfeited	4.14	(2,000)
Granted	3.47	9,250
As at 30 June 2022	4.55	99,059

Out of the 99,059,000 (31 December 2021: 92,309,000) outstanding share options, 51,155,000 (31 December 2021: 21,000,000) options were exercisable as at 30 June 2022 with weighted average exercise price of HK\$4.83 (2021: HK\$5.82). No options were exercised during the six months ended 30 June 2022 (year ended 31 December 2021: Nil).

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

Expiry date	Exercise price (HK\$ per share)	Number of options ('000)	
		30 June 2022 Unaudited	31 December 2021 Audited
30 May 2022	3.94	–	500
14 April 2025	5.87	20,500	20,500
22 August 2026	4.14	61,309	63,309
11 December 2026	5.55	8,000	8,000
10 March 2027	3.47	9,250	–

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22 Issued equity (continued)

Share options (continued)

The measurement dates of the share options were 11 March 2022, 12 March 2021, 23 November 2020, 15 October 2018 and 31 May 2012, being the dates of grant of the share options. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse. Forfeiture rate is also considered in determining the amount of share option expenses.

23 Distribution fee expenses payable

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

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
0 – 30 days	56,600	78,905
31 – 60 days	1,304	695
61 – 90 days	13	532
Over 90 days	6,119	11,888
Total distribution fee expenses payable	64,036	92,020

24 Commitments

24.1 Operating lease commitments

The Group leases various offices and office equipment under non-cancellable operating lease agreements. The lease terms are within one year. The majority of the lease agreements are renewable at the end of the lease period at market rate. As at 30 June 2022, the future aggregate minimum lease payments only include non-cancellable short-term leases.

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Not later than one year	527	226
Total operating lease commitments	527	226

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

24 Commitments (continued)

24.2 Capital commitments

As at 30 June 2022, the Group has unfunded capital commitment in a private equity fund amounted to HK\$312,000 (31 December 2021: HK\$312,000). As at 30 June 2022, the capital commitment contracted to purchase licensed software and hardware but not yet incurred amounted to HK\$3,904,000 (31 December 2021: HK\$4,767,000).

	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Within 1 year	2,325	2,255
1 –2 years	1,538	1,791
2-3 years	41	721
	3,904	4,767

25 Related-party transactions

Apart from those disclosed elsewhere in the interim condensed consolidated financial information, 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.

25.1 Summary of related-party transactions

	Six months ended 30 June 2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Consultancy fee to a related party of a director	145	145

25.2 Key management compensation

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

	Six months ended 30 June 2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Management bonus, salaries and other short-term employee benefits	9,840	11,649
Share-based compensation	9,675	10,694
Pension costs	36	27
Total key management compensation	19,551	22,370

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2022

25 Related-party transactions (continued)

25.3 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 significant influence or control are disclosed in Notes 16 and 18.

	Fair Value	
	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Consolidated structured entity		
Value Partners Asia Pacific Real Estate Limited Partnership (Note 19)	783,810	1,324,779
Unconsolidated structured entities		
Hanwha Value Partners Asia High Dividend Equity Feeder Fund (Note 17)	39,311	46,346
Value Gold ETF ^{(b), (1)}	478,728	477,702
Value Partners Asia Fund, LLC ^(a)	362	472
Value Partners Asia Principal Credit Fund Limited Partnership (Note 17)	112,718	141,596
Value Partners Classic Fund ⁽ⁱ⁾	4,079	6,027*
Value Partners Fund Series – Value Partners All China Bond Fund ^(d)	141,565	155,054
Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund ^{(d), (2)}	231,647	310,935*
Value Partners Fund Series – Value Partners Asian Total Return Bond Fund ^(d)	13,177	17,914*
Value Partners Fund Series – Value Partners China A-Share Select Fund ^(d)	1,146	2,655*
Value Partners Fund Series – Value Partners Asian Income Fund ⁽ⁱ⁾	555	–
Value Partners Greater China High Yield Income Fund ^(e)	977	3,139*
Value Partners Hedge Fund Limited ^(a)	2	2
Value Partners High-Dividend Stocks Fund ⁽ⁱ⁾	2,229	1,321*
Value Partners Intelligent Funds – Chinese Mainland Focus Fund ^(g)	2,910	6,764*
Value Partners Intelligent Funds – China Convergence Fund ^(c)	65	–
Value Partners Ireland Fund ICAV – Value Partners All China Equity Fund ^(h)	85	99
Value Partners Ireland Fund ICAV – Value Partners Asia Ex-Japan Equity Fund ^{(h) & (i)}	33,156	40,470
Value Partners Ireland Fund ICAV – Value Partners Asian Dynamic Bond Fund ⁽ⁱ⁾	32,381	37,206
Value Partners Ireland Fund ICAV – Value Partners China A Shares Consumption Fund ^(d)	51,332	56,978
Value Partners Ireland Fund ICAV – Value Partners China A Shares Equity Fund ^{(h) & (k)}	62,186	72,994
Value Partners Ireland Fund ICAV – Value Partners China A Shares High Dividend Fund ^(k)	55,203	60,131

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25 Related-party transactions (continued)

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

	Fair Value	
	30 June 2022 HK\$'000 Unaudited	31 December 2021 HK\$'000 Audited
Value Partners Ireland Fund ICAV – Value Partners Classic Equity Fund ^(h)	80	99
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund ^{(d), (g)}	325,861	391,672*
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund ^(f)	106,544	125,970
Value Partners Multi-Asset Fund ^(d)	34,849	40,432*
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership (Note 17)	2,885	2,867
VP-DJ Shariah China A-Shares 100 ETF	17,859	20,859
惠理中國新時代優選1號私募投資基金	1,627	1,887
惠理中國金鈺1號私募投資基金	1,392	1,161*
外貿信託－惠理滬港深6號	1,288	1,420
交銀國信•匯利202號集合資金信託計劃	1,311	1,482
惠理中國豐泰1號私募投資基金(Note 17)	1,822	2,009
惠理中國鴻信1號私募證券投資基金(Note 17)	2,379	2,762
惠理中國中睿滬港深1號私募證券投資基金	1,524	1,721
惠理中國安欣價值滬港深1期私募證券投資基金	1,428	1,616
惠理華教(深圳)股權投資合夥企業(有限合夥)	8,924	9,332
惠理景篤私募證券投資基金	32	–
外貿信託－惠理滬港深證券投資集合資金信託計劃	913	1,223
惠理中國豐泰3號私募證券投資基金	1,042	1,138
惠理中國嘉享1號私募證券投資基金	1,253	–
Total investments in investment funds which are managed/advised by the Group	2,560,637	3,370,234

* The fair value has included the deferred bonus to the employees of the Group. For details, please refer to Note 8.

- (a) The shares held were management shares.
- (b) The units held were Class A and listed class units.
- (c) The units held were Class A units.
- (d) The units held were Class A and Class X units.
- (e) The units held were management shares and Class X units.
- (f) The units held were Class A unhedge and hedge.
- (g) The units held were Class A, Class Z and Class X units.
- (h) The units held were Class RDR units.
- (i) The units held were Class X units.
- (j) The units held were Class V units.
- (k) The units held were Class V and Class X units.

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25 Related-party transactions (continued)

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

- (1) The investments represented 12,621,960 units (31 December 2021: 12,621,914 units) or 26.9% (31 December 2021: 25.9%) in Value Gold ETF, which is a fund listed on the Stock Exchange of Hong Kong Limited aiming to provide investment results that closely correspond to the performance of the London Bullion Market Association Gold Price. The investments, representing 9.7% (31 December 2021: 8.4%) of the Group's total assets with a cost of HK\$420.3 million (31 December 2021: HK\$420.3 million), are for alignment of investors' interests and investment returns. For the six months ended 30 June 2022, the Group recorded a net unrealized investment gain amounted to HK\$1.0 million with respect to such investments (2021: HK\$2.3 million loss).
- (2) The investments represented 2,042,353 units (31 December 2021: 2,059,604 units) or 47.1% (31 December 2021: 43.7%) in Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund, which invests predominantly in Asian equity and fixed income securities of companies that are related to innovative technologies or business innovations. The investments, representing 4.7% (31 December 2021: 5.5%) of the Group's total assets with a cost of HK\$237.8 million (31 December 2021: HK\$238.3 million), are for alignment of investors' interests and investment returns. For the six months ended 30 June 2022, the Group recorded a net unrealized investment loss amounted to HK\$78.8 million with respect to such investments (2021: HK\$28.8 million loss).
- (3) The investments represented 4,970,998 units (31 December 2021: 4,982,102 units) or 94.8% (31 December 2021: 88.0%) in Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund, which primarily invests in a portfolio of fixed and floating rate bonds and other debt securities in the Greater China region. The investments, representing 6.6% (31 December 2021: 6.9%) of the Group's total assets with a cost of HK\$400.6 million (31 December 2021: HK\$401.4 million), are for alignment of investors' interests and investment returns. For the six months ended 30 June 2022, the Group received dividends amounted to HK\$0.4 million (2021: HK\$0.6 million) and recorded a net unrealized investment loss amounted to HK\$65.1 million with respect to such investments (2021: HK\$46.0 million loss).

25.4 Summary of transactions entered into with the joint ventures

During the period ended 30 June 2022 and year ended 31 December 2021, the Real Estate Partnership made certain contributions and received repayments of shareholders' loans with the joint ventures indirectly held by the Group. Refer to Note 16(a) for further information.

26 Cyclicalities

Performance fee valuation days of investment funds and managed accounts under management are mostly concentrated in December of each financial year. Therefore, the recognition of performance fees for the Group may be subject to cyclical fluctuation.

Directors' interests in shares, underlying shares and debentures

As at 30 June 2022, 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 the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (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 scheme ⁽³⁾	Approximate percentage of issued Shares (For the aggregate number of Shares held/interested and the underlying Shares under the share option schemes)
Dato' Seri CHEAH Cheng Hye	Founder of trust/beneficial ⁽¹⁾	403,730,484	21.97%	–	21.97%
	Beneficial	60,733,516	3.30%	1,855,000	3.40%
Mr. SO Chun Ki Louis	Beneficial	15,765,723	0.85%	42,162,000	3.15%
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	0.74%	13,316,000	1.46%
Ms. WONG Wai Man June	Beneficial	–	–	9,250,000	0.50%
Dr. CHEN Shih-Ta Michael	Beneficial	–	–	350,000	0.01%
Mr. Nobuo OYAMA	Beneficial	500,000	0.02%	350,000	0.04%
Mr. WONG Poh Weng	Beneficial	–	–	350,000	0.01%

Notes:

- 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.
- 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.
- The number of underlying Shares in which the Directors hold under the share option scheme are detailed in "Share options" section below.

Other information

(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 six months ended 30 June 2022 are as follows:

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	As at 01/01/2022	Number of Share Options			As at 30/06/2022
					Granted	Exercised	Lapsed	
Dato' Seri CHEAH Cheng Hye	23/11/2020	23/05/2022–22/08/2026	4.14	927,500	–	–	–	927,500
		23/11/2023–22/08/2026	4.14	927,500	–	–	–	927,500
Mr. SO Chun Ki Louis	15/10/2018	15/04/2019–14/04/2025	5.87	6,000,000	–	–	–	6,000,000
		15/04/2020–14/04/2025	5.87	6,000,000	–	–	–	6,000,000
		15/04/2021–14/04/2025	5.87	6,000,000	–	–	–	6,000,000
	23/11/2020	23/05/2022–22/08/2026	4.14	12,081,000	–	–	–	12,081,000
		23/11/2023–22/08/2026	4.14	12,081,000	–	–	–	12,081,000
Ms. HUNG Yeuk Yan Renee	23/11/2020	23/05/2022–22/08/2026	4.14	6,658,000	–	–	–	6,658,000
		23/11/2023–22/08/2026	4.14	6,658,000	–	–	–	6,658,000
Mr. HO Man Kei, Norman	23/11/2020	23/05/2022–22/08/2026	4.14	6,658,000	–	–	–	6,658,000
		23/11/2023–22/08/2026	4.14	6,658,000	–	–	–	6,658,000
Ms. WONG Wai Man June	11/03/2022	11/09/2023–10/03/2027	3.47	–	4,625,000	–	–	4,625,000
		11/03/2025–10/03/2027	3.47	–	4,625,000	–	–	4,625,000
Dr. CHEN Shih-Ta Michael	31/05/2012	31/05/2013–30/05/2022	3.94	66,667	–	–	(66,667)	–
		31/05/2014–30/05/2022	3.94	66,667	–	–	(66,667)	–
		31/05/2015–30/05/2022	3.94	66,666	–	–	(66,666)	–
	23/11/2020	23/05/2022–22/08/2026	4.14	175,000	–	–	–	175,000
		23/11/2023–22/08/2026	4.14	175,000	–	–	–	175,000

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	As at 01/01/2022	Number of Share Options			As at 30/06/2022
					Granted	Exercised	Lapsed	
Mr. Nobuo OYAMA	23/11/2020	23/05/2022–22/08/2026	4.14	175,000	–	–	–	175,000
		23/11/2023–22/08/2026	4.14	175,000	–	–	–	175,000
Mr. WONG Poh Weng	23/11/2020	23/05/2022–22/08/2026	4.14	175,000	–	–	–	175,000
		23/11/2023–22/08/2026	4.14	175,000	–	–	–	175,000
Employees ⁽³⁾	31/05/2012	31/05/2013–30/05/2022	3.94	100,000	–	–	(100,000)	–
		31/05/2014–30/05/2022	3.94	100,000	–	–	(100,000)	–
		31/05/2015–30/05/2022	3.94	100,000	–	–	(100,000)	–
	15/10/2018	15/04/2019–14/04/2025	5.87	833,333	–	–	–	833,333
		15/04/2020–14/04/2025	5.87	833,333	–	–	–	833,333
		15/04/2021–14/04/2025	5.87	833,334	–	–	–	833,334
	23/11/2020	23/05/2022–22/08/2026	4.14	4,805,000	–	–	(1,000,000)	3,805,000
		23/11/2023–22/08/2026	4.14	4,805,000	–	–	(1,000,000)	3,805,000
	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				92,309,000	9,250,000	–	(2,500,000)	99,059,000

Notes:

- (1) The closing prices of the Shares immediately before the share options granted on 31 May 2012, 15 October 2018, 23 November 2020, 12 March 2021 and 11 March 2022 were HK\$3.90, HK\$5.87, HK\$4.14, HK\$5.55 and HK\$3.26 respectively.
- (2) No share option was cancelled during the period under review.
- (3) 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 period under review 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.

Other information

Share option expenses

According to HKFRS 2, the fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. In addition, employee forfeiture rate is also considered in determining the amount of share option expenses.

Where the employees 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.

Since the Black-Scholes option pricing model requires input of highly subjective assumptions, any change in the subjective input assumptions may materially affect the estimation of the fair value of an option.

Substantial shareholders' interests

As at 30 June 2022, 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:

Interests or short position in the Shares under the SFO

Name	Nature of interest	Number of Shares held/interested	Approximate percentage of issued Shares (For number of Shares held/interested only)	Number of underlying Shares under the share option schemes	Approximate percentage of issued Shares (For the aggregate number of Shares held/interested and the underlying Shares under the share option schemes)
Ms. TO Hau Yin ⁽¹⁾	Spouse	464,464,000	25.27%	1,855,000	25.37%
Mr. YEH V-Nee	Beneficial	298,805,324	16.26%	–	16.26%
Mrs. YEH Mira ⁽²⁾	Spouse	298,805,324	16.26%	–	16.26%
Cheah Capital Management Limited ⁽³⁾	Beneficial	403,730,484	21.97%	–	21.97%
Cheah Company Limited ⁽³⁾	Corporate	403,730,484	21.97%	–	21.97%
BNP Paribas Jersey Nominee Company Limited ⁽³⁾	Nominee	403,730,484	21.97%	–	21.97%
BNP Paribas Jersey Trust Corporation Limited ⁽³⁾	Trustee	403,730,484	21.97%	–	21.97%
Haitong Securities Co., Ltd. ⁽⁴⁾	Corporate	187,943,000	10.22%	–	10.22%

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.

Save as aforesaid and as disclosed in the "Directors' interests in shares, Underlying shares and debentures" and "Substantial shareholders' interests" sections of this report, the Company has not been notified by any person who had interest or short position in the shares or underlying shares of the Company as at 30 June 2022 which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under the SFO.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Foreign exchange

As at 30 June 2022, other than the Renminbi-denominated bank deposits of approximately HK\$458 million and the Australian-dollar-denominated bank deposits of approximately HK\$652 million (30 June 2021: HK\$1,083 million and HK\$76 million, respectively), the Group has no other significant foreign currency exposure because the majority of receipts and payments as well as assets and liabilities are denominated in the Hong Kong dollar (the Company's functional and presentation currency) and the United States dollar, which is linked to the Hong Kong dollar.

Human resources

As at 30 June 2022, the Group employed 164 staff (30 June 2021: 177) in Hong Kong SAR, 43 staff (30 June 2021: 39) in Shanghai, 3 staff (30 June 2021: 5) in Shenzhen, 4 staff (30 June 2021: 5) in Singapore, 2 staff (30 June 2021: 2) in London and 6 staff (30 June 2021: 6) in Malaysia. Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with the Group's emphasis on recognition for performance and human capital retention, the Group rewards its employees with year-end discretionary bonus which is linked to the Group's level of profits for that financial year.

Purchase, sale or redemption of the Company's securities

The Company purchased a total of 12,433,000 shares on the Stock Exchange during the six months ended 30 June 2022 and the aggregate consideration paid was about HK\$37,591,000. As at 30 June 2022, the total number of shares in issue was 1,837,549,831. The purchased shares were cancelled.

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 six months ended 30 June 2022.

Other information

Audit committee

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2022.

Independent review of interim results

The unaudited interim results of the Group for the six months ended 30 June 2022 have been reviewed by the Company’s external Auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

Corporate governance

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the Directors’ opinion, the Company applied the principles and complied with the relevant code provisions in the Corporate Governance Code, as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2022.

Model Code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions.

The Company has made specific enquiries with all Directors and all of them confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2022.

Publication of interim results and interim report on the Stock Exchange

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.valuepartners-group.com). The interim report will be despatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

Our appreciation

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