



Pioneer in value investing since 1993

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

2023 **INTERIM REPORT**

Value Partners Group Limited
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 806

Corporate profile

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

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

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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*)
Ms. LAM Mei Kuen Winnie
Ms. LEE Vivienne
Ms. NG Chuk Fa, Nikita
Mr. SO Chun Ki Louis
Ms. WONG Wai Man June

Registered Office

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

Principal Office

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

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisor

Reed Smith Richards Butler

PRC Legal Advisor

LLinks 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		
	2023	2022	% Change
Total revenue	276.8	331.9	-16.6%
Gross management fees	245.9	307.3	-20.0%
Gross performance fees	-	0.9	-100.0%
Operating loss (before other gains/losses)	(3.0)	(44.9)	-93.3%
Profit/(loss) attributable to owners of the Company	4.9	(428.6)	101.1%
Basic earnings/(loss) per share (HK cents)	0.3	(23.2)	101.3%
Diluted earnings/(loss) per share (HK cents)	0.3	(23.2)	101.3%
Interim dividend per share	Nil	Nil	

(In US\$ million)	30 June 2023	31 December 2022	% Change
Assets under management	6,029	6,145	-1.9%

Management discussion and analysis

The first half of 2023 was a volatile period for global financial markets. New uncertainties unfolded during the period, including the banking woes in the US and Europe, which led to liquidity concerns within the banking system. Meanwhile, inflation and recession risks in the West continue to be key concerns for investors.

While these uncertainties impacted Asian markets, the region remained resilient. Markets in South Asia continued to be healthy, supported by the region's strong domestic demand. Meanwhile, the tech-heavy markets of Korea and Taiwan were propelled by growing investments in artificial intelligence.

In China, however, while investors turned optimistic toward the market following the country's reopening late last year, the nation's post-Covid recovery has lost momentum in the past few months. As a result, investors' interest has turned fragile, leading to volatility in the China markets.

During the first six months of 2023, the MSCI China Index was down 5.5%¹, while the broader MSCI AC Asia (ex-Japan) Index was up 3.0%¹. While our equity funds remained resilient in terms of flows, we saw modest outflows from our fixed income funds given the funds' focus on the high yield bond market, which was impacted more heavily by the slowdown of the real estate markets in mainland China.

Asia may still face uncertainties in the short-to-medium term. Nevertheless, we remain optimistic that the region's long-term prospects are intact, driven by secular trends. Given our ongoing efforts to be a leader in Asia investing, we are well-positioned to capture the long-term opportunities brought about by the market.

Financial highlights

As of the end of June 2023, our assets under management ("AUM") stood at US\$6.0 billion, slightly down by 1.9% from US\$6.1 billion at the end of 2022, mainly due to the weak market backdrop and the risk-off stance of some investors. As a result, our gross management fees dropped 20.0% year-on-year to HK\$245.9 million in the first six months of 2023.

Although the period was challenging, the Group recorded a net profit of HK\$4.9 million, largely contrasting with the HK\$428.6 million losses reported during the first six months last year. The improved result was primarily driven by the reduced investment losses on the Group's proprietary investments, which were mainly seed capital investments in its own funds, and decreased total expenses that compensated for the reduced management fees.

In terms of fund flows, despite the market volatility, we managed to capture US\$675 million in gross subscriptions during the first six months of 2023. There was strong demand for our equity strategies, with continuous net inflows into our flagship fund – the Value Partners High-Dividend Stocks Fund, and a Chinese equities mandate from a European client.

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\$161 million during the first half of 2023, decreasing by 4% compared to HK\$167 million from the same period last year despite general inflationary pressures on operating costs.

As of 30 June 2023, the Group continued to run a solid balance sheet, with net assets of HK\$4.4 billion, including cash of HK\$1.5 billion and investments of HK\$2.8 billion. We shall continue to manage our balance sheet prudently to meet future business needs as well as our longer-term strategic growth plans and initiatives.

Enhancing our client relationships and reach

Last year, we strengthened our management team and completed an enhancement exercise across different functions, including sales, client servicing, marketing, and product development processes, resulting in a stronger coverage in our business.

On the wealth management front, which remains a key strategic area for growth in our business, our banking partners in Hong Kong and overseas continued to support us, with net inflows into some of our funds, especially our dividend and multi-asset strategies. With our enhanced brand image, we also expanded our banking network to include a Chinese bank with a strong local presence in Hong Kong as a new retail and private banking distribution partner.

We also continued to build our family office coverage in the region, especially in Hong Kong and Singapore. To complement our already-strong Greater China coverage in our Hong Kong headquarters, we are putting in dedicated resources in Singapore to service South Asia's increasing wealth management demands.

On top of the continued buildout of our Singapore office, we carried through our efforts to tap new markets in Asia. In July, we formed a strategic partnership with Aldiracita Group, a prominent capital markets player in Indonesia. The alliance, which marks a significant milestone in our expansion strategy in Southeast Asia, enables Value Partners to bring innovative and distinct investment solutions to the fast-growing Indonesian market. The collaboration also enables us to capitalize on Southeast Asia's potential for long-term growth and development.

On the institutional front, we continued to receive rising inquiries from global institutions, particularly from Asia and the Middle East, regarding our product offerings for Greater China and Asia. We continue to have healthy pipelines built and expect more demand as they seek an Asian investment expert like us. In addition, a leading European financial institution added more capital allocations this year to the mandate we secured with the firm in 2020.

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

Product expansion and highlights

During the first six months of 2023, we set a deliberate plan to grow beyond our traditional long-only equity funds to include a wider range of investment offerings. These include a new ESG product, expanding our fixed income product suite, and developing further our alternatives franchise.

In May, we launched the Value Partners Ireland Fund ICAV – Value Partners Asian Food and Nutrition Fund, which is our first Sustainable Finance Disclosure Regulation (“SFDR”) Article 8, Undertakings for Collective Investment in Transferable Securities (UCITS)-compliant fund. SFDR Article 8 funds promote ESG characteristics and invest in sustainable assets. The fund rollout is part of our ESG buildout as we continue to enhance our ESG capabilities.

The fund is also the first HKSF-authorized Asia ex-Japan-focused food and nutrition thematic ESG fund. We are excited to be a pioneer in launching this product, which captures various growth opportunities arising from key structural trends in Asia's food and beverage nutrition value chain. The fund allows Hong Kong and global investors to benefit from these thematic opportunities.

In addition to the ESG fund, we are expanding our product suite in other asset classes. These include a money market fund and an investment grade bond product, which we expect to roll out this year. As part of our plans to strengthen our fixed income capability, we hired Sean CHANG, Co-Chief Investment Officer, Fixed Income, to help create and manage high-quality and innovative fixed income solutions for our clients.

Management discussion and analysis

We also carried through our plans of developing further our alternatives franchise. Together with Shenzhen Capital (International) Asset Management Company Ltd., we are launching a Greater Bay Area (“GBA”)-focused alternative investment strategy. The strategy invests in listed and private companies across the Mainland China and Hong Kong markets, and the first closing of the fund is in the third quarter of this year. Besides generating investment returns, one of its objectives is to assist companies in expanding their businesses in the GBA. We are excited about the opportunities the strategy will bring, especially given its clear social value in contributing to the development of Hong Kong and the GBA.

On the real estate front, we are seeing investment opportunities in the logistics space, as demand for space from manufacturers and retailers is expected to increase. To capitalize on this opportunity, we are launching an Asian logistics real estate private equity fund in the second half of this year. We plan to widen the range of our alternative solutions further as we aim to strengthen our alternatives franchise.

Our investment capabilities continued to gain recognition in the industry. In February, Value Partners won two awards in Fund Selector Asia’s Fund Awards Singapore 2023. Our Value Partners China A-Share Select Fund received the Gold award in the Greater China/China Equity category, while our Value Partners Asian Innovation Opportunities Fund received the Gold award in the Mixed Asset category.

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

Growing commitment to the Mainland market

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

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

In April, we reached an investment advisory agreement with a new partner to provide investment advisory services for its newly issued insurance asset management product, which focuses on a high dividend strategy.

We also strengthened our relationship with existing partnerships, including foreign banks operating in the Mainland, and are working with them to include our two MRF funds on their priority sales lists.

As our commitment to the China market remains, we aim to expand our product offerings in the Mainland, including further developing our QDLP, QFLP, and QDIE businesses. We will continue to explore and watch out for new policies or cross-border schemes that could bring new business to our Group.

More ESG developments underway

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

We have reached several milestones since beginning our journey in 2019. Reaching 100% coverage of our proprietary ESG assessment for all our listed investees across equities and fixed income security holdings in 2021 was an essential milestone, as it set critical foundations for our ESG developments in the past year.

Management discussion and analysis

As mentioned above, we launched the Value Partners Ireland Fund ICAV – Value Partners Asian Food and Nutrition Fund, which marks a major milestone of our ESG franchise to leverage our robust proprietary rating system to enhance and promote sustainable practices in the region. This is an important first step in our effort to build a comprehensive suite of sustainable products to meet investors' ESG investment needs.

With our enhanced capability, we are looking to upgrade our other funds to be SFDR Article 8 compliant in the next 12 months to meet the future expectations and requirements of global investors. This should also help solidify Value Partners' position as a market leader for ESG in Asia.

Our commitment to ESG practices and responsible investing has been recognized by the industry. In June, Value Partners Group was among the winners of the ESG Leading Enterprise Awards of the Year 2023 by Master Insight Media in Hong Kong.

Business outlook

Overall, we continue to be excited about the opportunities that Asia's asset and wealth management industry presents. Asia is home to some of the fastest-growing economies in the world, and the region is expected to bring robust wealth creation in the years to come. Meanwhile, global investors continue to allocate more to Asian assets and are actively seeking China and regional experts for their investment needs.

Despite the short-to-medium-term market headwinds, including inflation and interest rate hikes, geopolitical tensions, and recession risks in the West, we remain optimistic that Asia remains a bright spot for economic and earnings growth in 2023. In addition, as the region's long-term opportunities remain intact, driven by various secular drivers, we expect more demand for Asia assets. As a leader and pioneer in Asia investing, Value Partners is well-positioned to capture these opportunities, given our enhanced services and capabilities and our wide range of high-quality and competitive investment strategies.

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

Appreciation

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

1. MSCI, 30 June 2023.

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.

Financial review

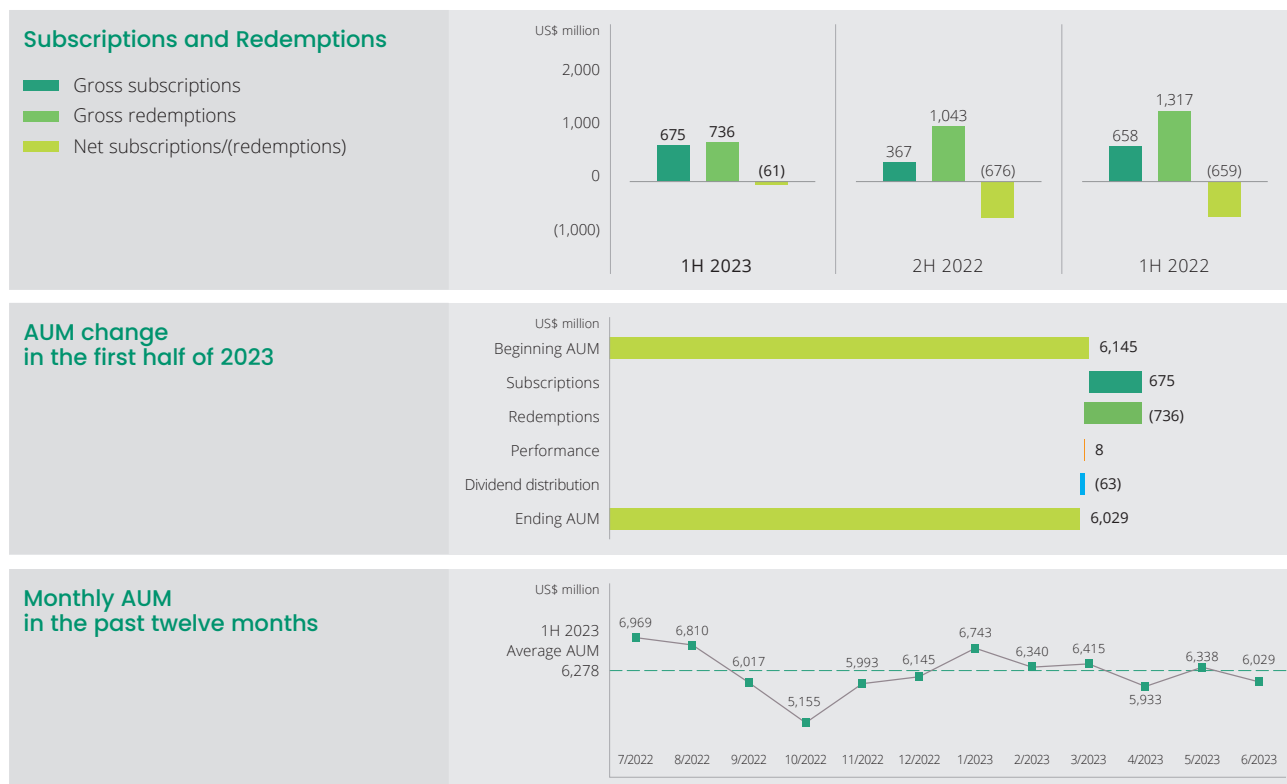
Assets Under Management (“AUM”)

AUM and return

The Group’s AUM stood at US\$6,029 million at the end of June 2023 (31 December 2022: US\$6,145 million). The decline was mainly attributable to the net redemptions of US\$61 million offset by positive fund returns of US\$8 million in the first half of 2023.

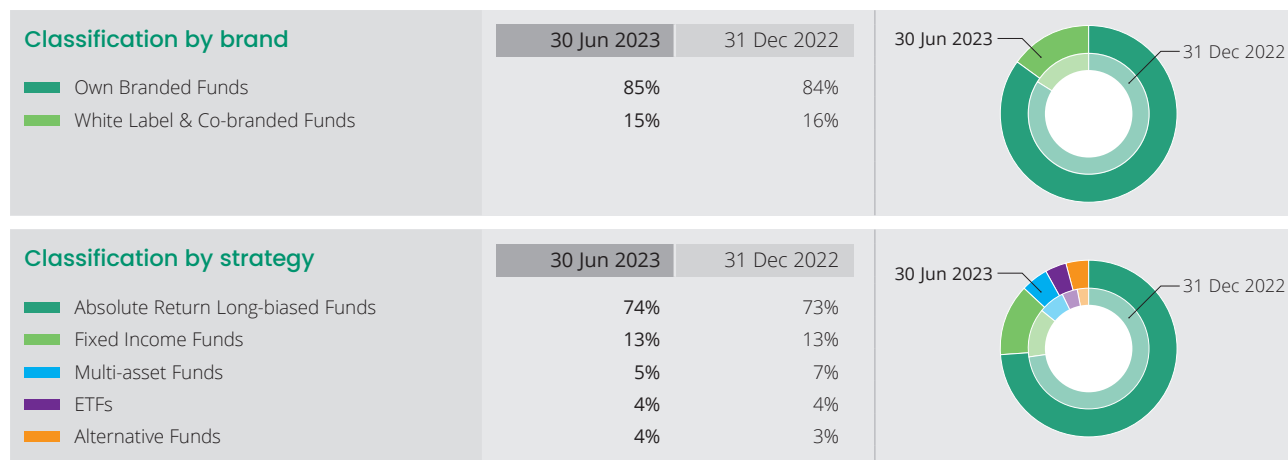
Overall fund performance¹, calculated as the asset-weighted average return of funds under management, rose 0.2% in the period under review. Among our funds, the Value Partners High-Dividend Stocks Fund² recorded a gain of 8.3% and Value Partners Greater China High Yield Income Fund³ recorded a gain of 4.2%, while the Value Partners Classic Fund⁴ fell 2.5% during the period.

In the first half of 2023, gross subscriptions increased to US\$675 million from US\$367 million in the second half of 2022. Gross redemptions for the first half of 2023 decreased to US\$736 million from US\$1,043 million in the second half of 2022 with a net redemption of US\$61 million (2H 2022: US\$676 million).



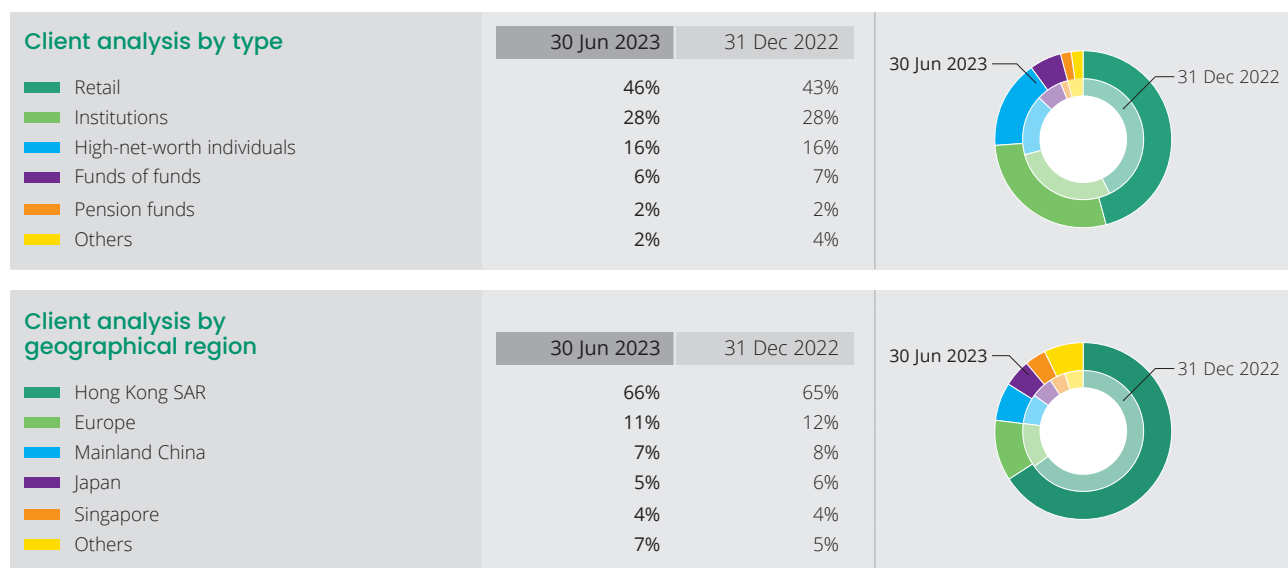
AUM by category

The charts below show breakdowns of the Group's AUM as at 30 June 2023 using two classifiers: brand and strategy. Own Branded Funds (85%) remained the biggest contributor to the Group's AUM. By strategy, Absolute Return Long-biased Funds (74%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (13%), 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, funds of funds, pension funds, endowments and foundations and family offices and trusts – remained the Group's primary set of fund investors, accounting for 54% of total AUM (31 December 2022: 57%). Meanwhile, retail clients contributed 46% of total AUM (31 December 2022: 43%). In terms of geographic location, Hong Kong clients continued to be the largest segment, contributing 66% of the Group's AUM (31 December 2022: 65%). The share of AUM contributed by clients in Europe and mainland China remained stable at 11% and 7%, respectively (31 December 2022: 12% and 8%, respectively).



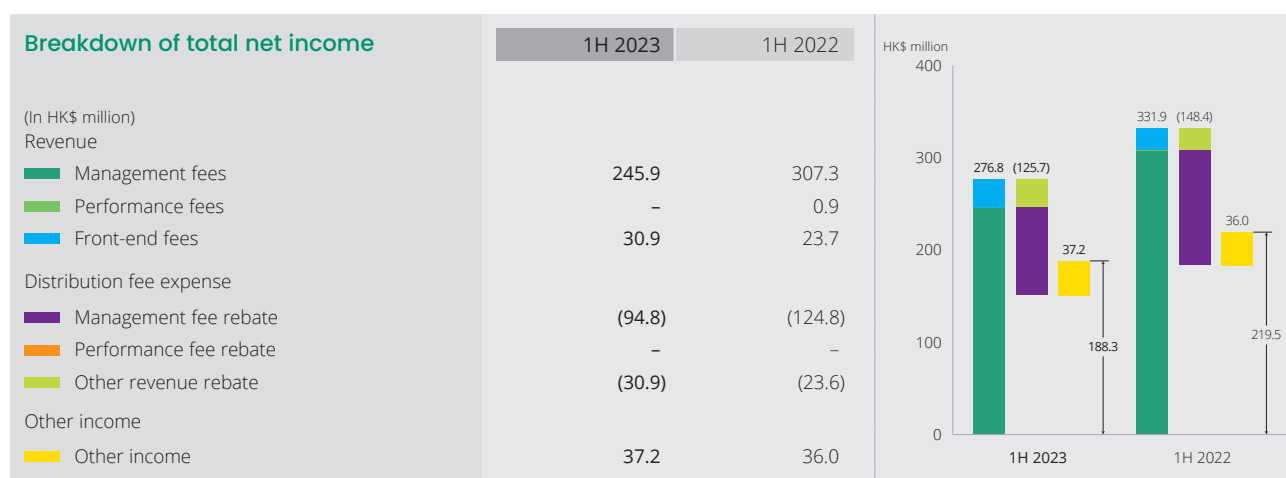
Financial review

Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	1H 2023	1H 2022	% Change
Total revenue	276.8	331.9	-16.6%
Gross management fees	245.9	307.3	-20.0%
Gross performance fees	-	0.9	-100.0%
Operating loss (before other gains/losses)	(3.0)	(44.9)	-93.3%
Profit/(loss) attributable to owners of the Company	4.9	(428.6)	101.1%
Basic earnings/(loss) per share (HK cents)	0.3	(23.2)	101.3%
Diluted earnings/(loss) per share (HK cents)	0.3	(23.2)	101.3%
Interim dividend per share (HK cents)	Nil	Nil	

Revenue and fee margin



The Group's profit attributable to owners of the Company amounted to HK\$4.9 million for the six months ended 30 June 2022 (1H 2022 loss: HK\$428.6 million). Gross management fees, the Group's largest revenue contributor, decreased to HK\$245.9 million (1H 2022: HK\$307.3 million) with the Group's decreased AUM.

During the period, our annualized gross management fee margin increased to 102 basis points (1H 2022: 95 basis points) due to higher AUM portion with a higher management fee margin compared to the first half of 2022. Our annualized net management fee margin has increased to 63 basis points (1H 2022: 57 basis points), while our management fee rebates for distribution channels decreased to HK\$94.8 million (1H 2022: HK\$124.8 million).

No performance fees (1H 2022: HK\$0.9 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\$37.2 million (1H 2022: HK\$36.0 million).

Other gains or losses

(In HK\$ million)	1H 2023	1H 2022
Net gains/(losses) on investments		
Net realized (losses)/gains on financial assets at fair value through profit or loss	(7.8)	239.9
Net unrealized gains/(losses) on financial assets at fair value through profit or loss	17.0	(562.4)
Fair value (loss)/gain of an investment property	(3.9)	14.8
Net foreign exchange losses	(9.1)	(71.6)
Other losses – net	(3.8)	(379.3)

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 the significant mark-to-market losses of the Group's seed capital investments in prior year with stabilized market performance during the current period.

Investments in joint ventures

In 2017, the Group set up Value Partners Asia Pacific Real Estate Limited Partnership⁵ (the "Real Estate Partnership") to engage in real estate private equity business. As at 30 June 2023 and 31 December 2022, the Real Estate Partnership held four logistic centers located in Japan and two commercial property projects located in Australia through three joint ventures in which the Group had 50%, 50% and 15% equity interest, respectively. The Group's share of gains amounted to HK\$17.3 million (1H 2022: HK\$1.9 million), which was attributable to the rental income less outgoings, fair value gains of the properties and the foreign exchange differences for the six months ended 30 June 2023 and 2022.

During the period ended 30 June 2023, the Group has formed a new joint venture, Golden Partners Investment Limited, with an independent business partner. On 27 July 2023, Golden Partners Investment Limited purchased a 50% stake in Cromwell Italy Urban Logistics Fund which owns seven logistics assets in Italy, with a total investment amount of Euro 13.1 million (equivalent to HK\$112 million) through the subscription of 50% units in Cromwell Italy Urban Logistics Fund.

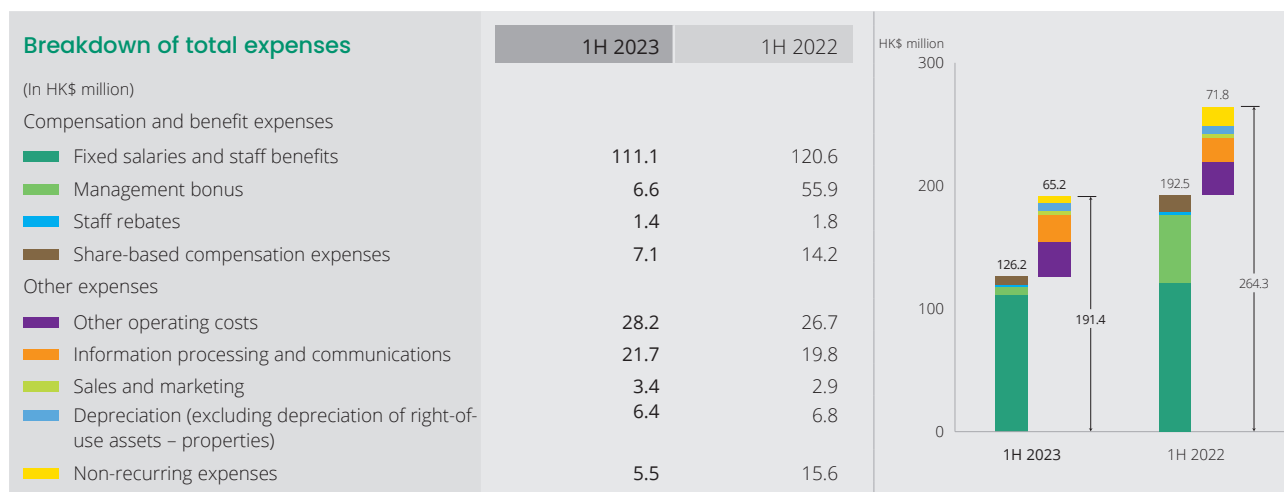
Significant investments

As at 30 June 2023, the Group held 12,621,950 units (31 December 2022: 12,621,960 units) or 28.5% (31 December 2022: 27.8%) in Value Gold ETF, which is a fund listed on the Stock Exchange of Hong Kong Limited aiming to provide investment results that closely correspond to the performance of the London Bullion Market Association Gold Price. The investments, representing 10.8% (31 December 2022: 10.0%) of the Group's total assets with a fair value of HK\$500.2 million (31 December 2022: HK\$474.9 million) and a cost of HK\$420.3 million (31 December 2022: HK\$420.3 million), are for alignment of investors' interests and investment returns. For the period ended 30 June 2023, the Group recorded a net unrealized investment gain amounted to HK\$25.3 million (31 December 2022: HK\$2.8 million loss) with respect to such investments.

As at 30 June 2023, the Group held 4,474,116 units (31 December 2022: 4,970,998 units) in Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund⁵ ("ICAV – GCHY Bond Fund") which represents 15.9% (31 December 2022: 16.3%) of the net asset value of Value Partners Ireland Fund ICAV. ICAV – GCHY Bond Fund primarily invests in a portfolio of fixed and floating rate bonds and other debt securities in the Greater China region. The investments, representing 6.9% (31 December 2022: 7.5%) of the Group's total assets with a fair value of HK\$318.8 million (31 December 2022: HK\$357.1 million) and a cost of HK\$359.9 million (31 December 2022: HK\$400.6 million), are primarily as seed capital investment and also for investment returns. For the period ended 30 June 2023, the Group received dividends amounted to HK\$0.2 million (31 December 2022: HK\$0.6 million) and recorded a net unrealized investment gain amounted to HK\$2.4 million (31 December 2022: a loss of HK\$33.8 million) and a net realized investment loss amounted to HK\$1.5 million (31 December 2022: nil) with respect to such investments.

Financial review

Cost management



Compensation and benefit expenses

During the period, salaries and staff benefits (excluding bonus) decreased by HK\$9.5 million to HK\$111.1 million (1H 2022: HK\$120.6 million). Management bonus for the period decreased to HK\$6.6 million (1H 2022: HK\$55.9 million) which was mainly resulted from deferred bonus from prior years being recognized during the current period under review in accordance with accounting standards requirement, the Board of Director would reassess the management bonus provision by end of 2023 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\$1.4 million (1H 2022: HK\$1.8 million).

During the period, the Group recorded expenses of HK\$7.1 million (1H 2022: HK\$14.2 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\$49.9 million for the period (1H 2022: HK\$46.5 million), and sales and marketing expenses also increased to HK\$3.4 million (1H 2022: HK\$2.9 million) due to inflationary pressure on operating costs and also increased travelling post Covid.

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 in key strategic growth areas in order to bolster our competitive advantage in the longer term.

Dividends

The Group has been adopting a consistent dividend distribution policy that takes into account the relatively volatile nature of asset management income streams. This policy states that dividends (if any) will be declared annually at the end of each financial year to better align dividend payments with the Group's full-year performance. 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 2023, the Group's balance sheet and cash flow positions remained strong, with a net cash balance of HK\$1,521.1 million. Other than relevant borrowings pledged with property asset by the Real Estate Partnership of HK\$74.1 million (31 December 2022: HK\$76.1 million), the Group had no other corporate bank borrowings and did not pledge any other assets as collateral for overdrafts or other loan facilities. The Group's debt-to-equity ratio, measured by interest bearing external borrowings (excluding borrowings as mentioned above) divided by shareholders' equity, was zero, while its current ratio (current assets divided by current liabilities) was 8.9 times.

Capital structure

As at 30 June 2023, the Group's shareholders' equity and total number of shares issued were HK\$4,434.2 million and 1.83 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: 2018: -14.2%; 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023 (Year to date as at 30 June): +8.3%.
3. Annual calendar returns of Value Partners Greater China High Yield Income Fund (Class P USD Acc) over the past five years: 2018: -4.9%; 2019: +9.4%; 2020: -0.3%; 2021: -22.5%; 2022: -30.2%; 2023 (Year to date as at 30 June): +4.2%.
4. Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022: -28.1%; 2023 (Year to date as at 30 June): -2.5%.
5. Value Partners Asia Pacific Real Estate Limited Partnership and Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund are not authorized by SFC and are not available to the general public in Hong Kong.

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

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.

Independent review report

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 15 to 39, 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 2023 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 material accounting policy information 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” issued by the Hong Kong Institute of Certified Public Accountants. 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 2023

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Income			
Fee income	6	276,785	331,944
Distribution fee expenses		(125,693)	(148,473)
Net fee income		151,092	183,471
Other income	7	37,253	35,979
Total net income		188,345	219,450
Expenses			
Compensation and benefit expenses	8	(119,110)	(178,432)
Share-based compensation	23	(7,113)	(14,172)
Operating lease rentals		(3,293)	(2,848)
Depreciation of right-of-use assets – properties		(8,312)	(10,184)
Other expenses		(53,552)	(58,712)
Total expenses		(191,380)	(264,348)
Operating loss (before other gains/losses)		(3,035)	(44,898)
Net gains/(losses) on investments		9,164	(322,493)
Fair value (loss)/gain of an investment property	14,20	(3,916)	14,828
Net foreign exchange losses		(9,077)	(71,589)
Other losses – net	9	(3,829)	(379,254)
Operating loss (after other gains/losses)		(6,864)	(424,152)
Finance costs		(3,298)	(2,350)
Share of gains on joint ventures	16,20	17,260	1,897
Profit/(loss) before tax		7,098	(424,605)
Tax expense	10	(2,218)	(3,983)
Profit/(loss) for the period attributable to owners of the Company		4,880	(428,588)
Other comprehensive loss for the period – Item that may be subsequently reclassified to profit or loss			
Foreign exchange translation		(9,924)	(15,902)
Total comprehensive loss for the period attributable to owners of the Company		(5,044)	(444,490)
Earnings/(loss) per share attributable to owners of the Company (HK cents per share)			
Basic earnings/(loss) per share	12	0.3	(23.2)
Diluted earnings/(loss) per share	12	0.3	(23.2)

The notes on pages 19 to 39 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated balance sheet

As at 30 June 2023

	Note	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Non-current assets			
Property, plant and equipment	13	160,020	167,848
Right-of-use assets		19,861	29,500
Investment property	14,20	190,249	197,608
Intangible assets	15	14,121	15,689
Investments in joint ventures	16,20	547,346	545,758
Deferred tax assets		3,417	3,090
Investments	17,18	1,814,508	1,743,189
Other assets		2,758	9,491
		2,752,280	2,712,173
Current assets			
Investments	18	178,006	179,371
Fees receivable	21	62,793	67,131
Tax receivable		2,835	100,033
Prepayments and other receivables		27,596	22,688
Cash and cash equivalents	22	1,521,132	1,666,461
Investment held-for-sale	19	107,890	-
		1,900,252	2,035,684
Current liabilities			
Accrued bonus		629	44,751
Distribution fee expenses payable	24	51,209	50,793
Other payables and accrued expenses		33,791	43,900
Lease liabilities		18,077	19,522
Borrowing	20	74,134	76,054
Investment held-for-sale	19	36,740	-
		214,580	235,020
Net current assets		1,685,672	1,800,664
Non-current liabilities			
Accrued bonus		1,736	8,977
Lease liabilities		2,056	9,661
		3,792	18,638
Net Assets		4,434,160	4,494,199
Equity			
Equity attributable to owners of the Company			
Issued equity	23	1,326,832	1,326,832
Other reserves		58,313	61,124
Retained earnings		3,049,015	3,106,243
Total equity		4,434,160	4,494,199

The notes on pages 19 to 39 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 2023

	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 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	23	(37,591)	-	-	(37,591)
Share-based compensation	23	-	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
Unaudited					
As at 1 January 2023		1,326,832	61,124	3,106,243	4,494,199
Profit for the period		-	-	4,880	4,880
Other comprehensive loss					
Foreign exchange translation		-	(9,924)	-	(9,924)
Total comprehensive income/(loss)		-	(9,924)	4,880	(5,044)
Transactions with owners					
Share-based compensation	23	-	7,113	-	7,113
Dividends to owners of the Company	11	-	-	(62,108)	(62,108)
Total transactions with owners		-	7,113	(62,108)	(54,995)
As at 30 June 2023		1,326,832	58,313	3,049,015	4,434,160

The notes on pages 19 to 39 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Cash flows from operating activities		
Net cash used in operations	(66,547)	(36,953)
Interest received	25,918	20,890
Tax received/(paid)	94,653	(40,230)
Net cash generated from/(used in) operating activities	54,024	(56,293)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(319)	(464)
Purchase of investments	(220,592)	(184,605)
Disposal of investments	66,460	649,104
Return of capital from investments	19,550	24,225
Dividends received from investments	1,759	769
Net change in shareholders' loans on joint ventures	8,647	(261,082)
Net cash (used in)/generated from investing activities	(124,495)	227,947
Cash flows from financing activities		
Dividends paid	(62,108)	(147,631)
Principal elements of lease payments	(10,305)	(10,967)
Repayment of principals of borrowing	(582)	-
Interest expense on borrowing	(2,709)	(1,400)
Shares repurchase	-	(37,591)
Net cash used in financing activities	(75,704)	(197,589)
Net decrease in cash and cash equivalents	(146,175)	(25,935)
Net foreign exchange gains/(losses) on cash and cash equivalents	846	(36,357)
Cash and cash equivalents at beginning of the period	1,666,461	1,665,937
Cash and cash equivalents at end of the period	1,521,132	1,603,645

The notes on pages 19 to 39 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 2023

1 General information

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

The Company acts as an investment holding company. The 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 2023.

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 2023 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 2022, 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 2022. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

a) Critical Accounting Estimates and Judgements

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

The Group acts as an investment manager to a number of investment funds, and has provided seed capital for the set up of these funds. Certain funds for which controlling interest is held by the Group and which is expected to be diluted within one year from the date of establishment are classified as held-for-sale. For details refer to Note 19.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

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 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Investments (Note 18)								
Listed securities	703,657	680,327	1,804	-	-	4,668	705,461	684,995
Unlisted securities								
Equity securities	-	-	-	-	963	1,034	963	1,034
Investment funds	-	-	1,271,072	1,128,136	86,168	108,395	1,357,240	1,236,531
Sub-total	703,657	680,327	1,272,876	1,128,136	87,131	114,097	2,063,664	1,922,560

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

The fair value of financial instruments that are not traded in an active market is determined 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:

- 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 2023

4 Fair value estimation (continued)

The following table represents the movement in level 3 instruments.

	Period ended 30 June 2023				Year ended 31 December 2022				
	Listed securities	Unlisted securities – investment funds	Unlisted securities – equity security	Total	Listed securities	Unlisted securities – investment funds	Unlisted securities – equity securities	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	Audited	Audited	Audited	Audited	Audited
As at 1 January	4,668	108,395	1,034	114,097	7,780	146,477	-	691,002	845,259
Addition	-	313	-	313	-	-	-	-	-
Transfer	(4,668)	-	-	(4,668)	-	-	1,685	-	1,685
Return of capital	-	(19,550)	-	(19,550)	-	(32,296)	-	-	(32,296)
Disposal	-	-	-	-	-	-	-	(643,501)	(643,501)
Losses recognized in profit or loss and included in net gains/(losses) on investments	-	(2,990)	(71)	(3,061)	(3,112)	(5,786)	(651)	(47,501)	(57,050)
As at 30 June 2023/ 31 December 2022	-	86,168	963	87,131	4,668	108,395	1,034	-	114,097
Change in unrealized losses for level 3 instruments held at period/year end and included in profit or loss and net gains/(losses) on investments	-	(2,990)	(71)	(3,061)	(3,112)	(5,786)	(651)	(47,501)	(57,050)

As at 30 June 2023, the level 3 instruments include two investment funds and one unlisted equity security (Note 18). As at 31 December 2022, the level 3 instruments includes one suspended listed security, two investment funds and one unlisted equity security.

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

As at 30 June 2023 and 31 December 2022, the investment funds were stated with reference to the net asset value provided by the respective administrators of the investment funds.

As at 31 December 2022, the suspended listed security was valued with reference to its last transaction price, subject to further illiquidity adjustment. The Group considers that the change in the input to the valuation model would not have a significant effect on the Group's result. No quantitative analysis has been presented.

During the period ended 30 June 2023, there was a transfer from level 3 to level 2 of a suspended listed security in the fair value measurement hierarchy due to the resumption of the listing of that suspended listed security. During the year ended 31 December 2022, there was a transfer from level 2 to level 3 of an equity security in the fair value measurement hierarchy.

During the period ended 30 June 2023, the addition of HK\$313,000 represented a capital contribution to an existing private equity fund. During the year ended 31 December 2022, there was no addition of level 3 instruments.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

4 Fair value estimation (continued)

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.

As at 30 June 2023 and 31 December 2022, the unlisted equity security was valued with referenced to its net asset value provided by the investee entity and assessed by the Group.

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

5 Segment information

The Board of Directors reviews the Group's internal financial reporting and other information and also obtains other relevant external information in order to assess performance and allocate resources and 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 2023 and 31 December 2022. 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 2023

6 Revenue

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Management fees	245,927	307,268
Performance fees	–	896
Front-end fees	30,858	23,780
Total fee income	276,785	331,944

7 Other income

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income from cash and cash equivalents	21,168	8,339
Interest income from financial assets at fair value through profit or loss	2,233	9,971
Dividend income from financial assets at fair value through profit or loss	4,539	4,458
Rental income from an investment property	5,793	5,991
Others	3,520	7,220
Total other income	37,253	35,979

8 Compensation and benefit expenses

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Salaries, wages, pension costs and other benefits	112,511	122,456
Management bonus	6,599	55,976
Total compensation and benefit expenses	119,110	178,432

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 2023, there were no government wage subsidies. For the period ended 30 June 2022, government wage subsidies amounting to HK\$1,600,000 were included in the “compensation and benefit expenses” line item. There were 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 2023

9 Other losses – net

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Net gains/(losses) on investments		
Net realized (losses)/gains on financial assets at fair value through profit or loss	(7,853)	239,877
Net unrealized gains/(losses) on financial assets at fair value through profit or loss	17,017	(562,370)
Fair value (loss)/gain of an investment property	(3,916)	14,828
Net foreign exchange losses	(9,077)	(71,589)
Total other losses – net	(3,829)	(379,254)

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 2023 at the rate of approximately 16.5% (2022: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current tax		
Hong Kong profits tax	2	484
Overseas tax	2,455	4,139
Adjustments in respect of prior years	-	(783)
Total current tax	2,457	3,840
Deferred tax		
Origination and reversal of temporary differences	(239)	143
Total tax expense	2,218	3,983

11 Dividends

Final dividend of HK\$62,108,000 declared by the Company was related to the year ended 31 December 2022 and HK\$62,108,000 was paid on 25 May 2023. (2022: 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 2023 (2022: Nil).

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

12 Earnings per share

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of HK\$4,880,000 (2022: loss of HK\$428,588,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,826,710,000 (2022: 1,845,114,000). The diluted earnings per share is calculated by adjusting the weighted average number of shares in issue during the period of 1,826,710,000 (2022: 1,845,114,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

13 Property, plant and equipment

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Opening net book amount	167,848	192,106
Additions	291	1,424
Depreciation	(4,836)	(10,121)
Exchange differences	(3,283)	(15,561)
Closing net book amount	160,020	167,848

14 Investment property

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Beginning of the period/year	197,608	190,572
Fair value (loss)/gain	(3,916)	19,085
Foreign exchange translation	(3,443)	(12,049)
End of the period/year	190,249	197,608

On 21 September 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand with a consideration of HK\$146,390,000, which was subsequently revalued by the Group as at 30 June 2023 and 31 December 2022.

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 20 for further information.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

15 Intangible assets

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Opening net book amount	15,689	14,930
Additions	28	3,756
Amortization	(1,578)	(2,841)
Exchange differences	(18)	(156)
Closing net book amount	14,121	15,689

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 2023 Unaudited	31 December 2022 Audited
Value Investing Group Company Limited	Hong Kong	Investment holding	50%	50%
Clear Miles Hong Kong Limited	Hong Kong	Investment holding	50%	50%
AM 310 Ann Street Investor Unit Trust	Australia	Investment holding	15%	15%
VP-ZACD Fund Holdings Pte. Ltd.	Singapore	Investment holding	50%	50%
Golden Partners Investment Limited	Hong Kong	Investment holding	50%	-

The Group's investments in joint ventures are mainly related to the investments in the Real Estate Partnership. Refer to Note 20 for further information.

As at 30 June 2023 and 31 December 2022, Value Investing Group Company Limited has a beneficial interest in a trust which owns four logistic centers located in Japan.

As at 30 June 2023 and 31 December 2022, Clear Miles Hong Kong Limited has a 50% beneficial interest in AM Kent Street Investor Trust which owns an Australian commercial project consisting of two office buildings.

As at 30 June 2023 and 31 December 2022, AM 310 Ann Street Investor Unit Trust holds an Australian commercial building. The Group's 15% interest in AM 310 Ann Street Investor Unit Trust is considered investments in joint ventures as decisions about the relevant activities require unanimous consent of the parties sharing control.

There are no investments or activities for VP-ZACD Holding Pte. Ltd. for the period ended 30 June 2023 (2022: Nil).

During the period ended 30 June 2023, the Group has formed a new joint venture, Golden Partners Investment Limited, with an independent business partner. On 27 July 2023, Golden Partners Investment Limited completed the purchase of a 50% stake in Cromwell Italy Urban Logistics Fund. For further details, please refer to Note 27.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

16 Investments in joint ventures (continued)

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

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Investments in joint ventures		
Beginning of the period/year	208,752	240,446
Share of gains/(losses) of joint ventures	17,260	(25,329)
Exchange differences	(1,416)	(6,365)
	224,596	208,752
Shareholders' loans included in investments in joint ventures		
Beginning of the period/year	337,006	183,593
Net change in shareholders' loans (note a)	(8,647)	197,440
Exchange differences	(5,609)	(44,027)
	322,750	337,006
End of the period/year	547,346	545,758

- (a) The Real Estate Partnership received repayments of shareholders' loans of AUD1.4 million (equivalent to HK\$7.4 million) (31 December 2022: AUD2.1 million (equivalent to HK\$11.0 million)) and JPY20.0 million (equivalent to HK\$1.2 million) (31 December 2022: JPY1,303.0 million (equivalent to HK\$71.3 million)) from Clear Miles Hong Kong Limited and Value Investing Group Company Limited respectively. During the year ended 31 December 2022, the Real Estate Partnership made a contribution of shareholders' loan of AUD49.5 million (equivalent to HK\$279.7 million) to Clear Miles Hong Kong Limited.

Shareholders' loans are unsecured, non-interest bearing and have no fixed repayment terms. Shareholders can demand full repayment of loans upon written demand.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

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 interests in the investment funds that give the Group significant influence, but not control, the Group records such investments at fair value. Details of such investment funds are summarized as follows:

	Place of incorporation	Interest held	
		30 June 2023 Unaudited	31 December 2022 Audited
Value Partners Asia Principal Credit Fund Limited Partnership	Cayman Islands	29%	29%
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	China	49%	49%
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF ^(a)	Hong Kong	–	33%
Value Partners Ireland Fund ICAV ^(b)	Ireland	39%	30%

	Amount held by the Group		Net asset value		Profit/(loss) for the period/year and total comprehensive income/(loss)	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	HK\$'000 Unaudited	HK\$'000 Audited	HK\$'000 Unaudited	HK\$'000 Audited	HK\$'000 Unaudited	HK\$'000 Audited
Value Partners Asia Principal Credit Fund Limited Partnership	84,180	104,795	286,213	356,303	(5,499)	(12,200)
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	2,874	2,863	5,555	5,668	4	14
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF ^(a)	–	72,650	–	217,375	–	(17,056)
Value Partners Ireland Fund ICAV ^(b)	783,484	670,736	2,001,450	2,202,297	(69,439)	(1,308,023)
	870,538	851,044	2,293,218	2,781,643	(74,934)	(1,337,265)

(a) As at 30 June 2023, the Group is considered to have controlling power over this fund and therefore, this fund was reclassified from “Investments in associates” to “Investment held-for-sale”. Refer to Note 19 for details.

(b) The sub-funds under Value Partners Ireland Fund ICAV are considered as an associate in an aggregate basis. The sub-funds included: Value Partners All China Equity Fund, Value Partners Asia Ex-Japan Equity Fund, Value Partners Asian Dynamic Bond Fund, Value Partners China A Shares Consumption Fund, Value Partners China A Shares Equity Fund, Value Partners China A Shares High Dividend Fund, Value Partners Classic Equity Fund, Value Partners Greater China High Yield Bond Fund, Value Partners Health Care Fund and Value Partners Asian Food and Nutrition Fund.

The fair value of the Group’s interests in such investment funds are summarized in Note 26.3.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

18 Investments

Investments include the following:

	Financial assets at fair value through profit or loss	
	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	Unaudited	Audited
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	1,804	4,668
Debt securities – Hong Kong	173,880	171,000
Investment funds – Hong Kong	445,394	495,510
Investment funds – Malaysia	13,233	13,817
Market value of listed securities	634,311	684,995
Unlisted securities (by place of incorporation/establishment)		
Equity securities – Singapore	963	1,034
Investment funds – Cayman Islands	88,601	111,247
Investment funds – China	23,158	19,307
Investment funds – Hong Kong	338,223	322,083
Investment funds – Ireland	783,484	670,737
Investment funds – South Korea	39,193	35,543
Investment funds – United States	84,581	77,614
Fair value of unlisted securities	1,358,203	1,237,565
Representing:		
Non-current	1,814,508	1,743,189
Current	178,006	179,371
Total investments	1,992,514	1,922,560

As at 30 June 2023, HK\$871 million (31 December 2022: HK\$851 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 2023 and 31 December 2022, except for the consolidated investment funds disclosed in Notes 19 and 20, the Group determined that all of the other investment funds are unconsolidated structured entities. Refer to Note 26.3 for further details.

The maximum exposure to loss for all interests in structured entities is the carrying value of the investments in investment funds (refer to Note 26.3) 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 2022: HK\$2,000 to HK\$0.5 billion). The size of the investment funds ranges from US\$0.2 million to US\$1.4 billion (31 December 2022: US\$0.3 million to US\$1.4 billion). During the period ended 30 June 2023 and year ended 31 December 2022, other than seed capital, the Group did not provide other financial support to the unconsolidated structured entities and has no intention of providing other support.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

19 Investment held-for-sale

The Group classified its interest in an investment fund as held-for-sale as the Group intends to market the fund and dilute its holdings as soon as practicably possible to a level where its aggregate economic interest does not constitute a control.

As at 30 June 2023, the Group held 66% of the net asset value of Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (“EMQQ”) and was considered holding the controlling power over the investment. As at 31 December 2022, the Group recognized EMQQ as “investments in associates” with the amount HK\$72,650,000 being recognized in the consolidated balance sheet. The Group reclassified such investment as non-current assets held-for-sale and recognized it under current assets as “investment held-for-sale” with the amount HK\$107,890,000 (which included financial assets at fair value through profit or loss of HK\$106,344,000, cash and cash equivalents of HK\$1,512,000 and other assets of HK\$34,000 recognized in the statement of net assets of EMQQ as at 30 June 2023) and under current liabilities as “investment held-for-sale” with the amount HK\$36,740,000 (which included other liabilities of HK\$1,153,000 and net assets attributable to the unrelated shareholders of HK\$35,587,000 recognized in the statement of net assets of EMQQ as at 30 June 2023) respectively and these amounts were recognized in the condensed consolidated balance sheet as at 30 June 2023.

Such investment incurred a net unrealized loss on financial assets at fair value through profit or loss of HK\$1,500,000 recognized in the condensed consolidated statement of comprehensive income during the period ended 30 June 2023.

20 Investment in Value Partners Asia Pacific Real Estate Limited Partnership

In 2017, the Group set up the Real Estate Partnership to engage in real estate private equity business. The Real Estate Partnership focuses on the acquisition of stabilized income assets in the Asia Pacific. As at 30 June 2023, the Group committed US\$128.8 million (equivalent to HK\$1,007 million) capital to the Real Estate Partnership (31 December 2022: US\$122 million (equivalent to HK\$954 million)). As at 30 June 2023, the outstanding investment cost of the Real Estate Partnership was US\$35.7 million (equivalent to HK\$279 million) (31 December 2022: US\$28.9 million (equivalent to HK\$225 million)).

On 16 June 2023, a subsidiary of the Group made a capital contribution of US\$6.8 million (equivalent to HK\$53 million) to the Real Estate Partnership. There was no undrawn capital commitment as at 30 June 2023 (31 December 2022: Nil).

As at 30 June 2023 and 31 December 2022, the Group held controlling interest in the Real Estate Partnership and all assets and liabilities of this fund was consolidated within the Group’s condensed consolidated balance sheet.

	Place of incorporation	Effective interest held			
		30 June 2023 Unaudited		31 December 2022 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 2023

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

As at 30 June 2023 and 31 December 2022, 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 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Non-current assets:				
Investments in joint ventures	– Four Japanese logistic centers – Two Australian commercial projects	(i)	547,346	545,758
Investment property	– One New Zealand student accommodation building	(ii)	190,249	197,608
Current liability:				
Borrowing		(iii)	(74,134)	(76,054)
Other net assets (current)		(iv)	69,725	7,656
Total			733,186	674,968

(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) The Real Estate Partnership's borrowing of NZD15,275,000 (equivalent to HK\$74,134,000) (31 December 2022: NZD15,395,000 (equivalent to HK\$76,054,000)) is secured by the student accommodation building located in New Zealand with a fair value of HK\$190,249,000 (31 December 2022: HK\$197,608,000) as the collateral of the borrowing. As at 30 June 2023, 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 2022: 2.25%) per annum. On 27 July 2023, the Real Estate Partnership entered into an amended facility agreement and the repayment date of the borrowing is extended to 31 July 2025. The effective interest rate is revised to the sum of the lending bank's bill rate for the interest period plus a margin of 2.43%. The interest payables on the borrowing are included in other payables and accrued expenses in other net assets (current).

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

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

21 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 2023 (31 December 2022: Nil).

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

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Fees receivable that were past due but not impaired		
1 – 30 days	759	482
31 – 60 days	–	5,504
61 – 90 days	–	–
Over 90 days	1,497	849
	<hr/>	<hr/>
Fees receivable that were within credit period	2,256	6,835
	<hr/>	<hr/>
Total fees receivable	62,793	67,131

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 2023 (31 December 2022: The Group recognized a write-off of HK\$4,637,000 of fees receivable from a managed account considering the balance was irrecoverable).

22 Cash and cash equivalents

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Cash at banks and in hand	306,976	282,223
Short-term bank deposits	1,210,839	1,378,285
Deposits with brokers	3,317	5,953
	<hr/>	<hr/>
Total cash and cash equivalents	1,521,132	1,666,461

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

23 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 2022	1,849,982,831	184,998	2,066,893	(866,813)	1,385,078
Shares repurchase	(23,273,000)	(2,327)	(55,919)	-	(58,246)
As at 31 December 2022	1,826,709,831	182,671	2,010,974	(866,813)	1,326,832
Unaudited					
As at 1 January 2023 and 30 June 2023	1,826,709,831	182,671	2,010,974	(866,813)	1,326,832

As at 30 June 2023, the total authorized number of ordinary shares of the Company was 5,000,000,000 shares (2022: 5,000,000,000 shares) with a par value of HK\$0.1 (2022: HK\$0.1) per share and all issued shares were fully paid.

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

During the period ended 30 June 2023, there were no repurchase of the Company's shares. During the period ended 30 June 2022, the Company purchased a total of 12,433,000 shares on the Stock Exchange and the aggregate consideration paid was HK\$37,591,000. As at 30 June 2022, the purchased 12,433,000 shares were cancelled.

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. No options were granted under the share option scheme during the six months ended 30 June 2023 (period ended 30 June 2022: 9,250,000 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 2023 was HK\$7,113,000 (six months ended 30 June 2022: HK\$14,172,000) which has no impact to the Group's cash flows. The weighted average fair value of options granted 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 2023

23 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 2022	4.65	92,309
Expired	3.94	(500)
Forfeited	3.14	(3,100)
Granted	3.47	9,250
As at 31 December 2022	4.55	97,959
Unaudited		
As at 1 January 2023 and 30 June 2023	4.55	97,959

Out of the 97,959,000 (31 December 2022: 97,959,000) outstanding share options, 54,604,500 (31 December 2022: 54,604,500) options were exercisable as at 30 June 2023 with weighted average exercise price of HK\$4.89 (2022: HK\$4.89). No options were exercised during the six months ended 30 June 2023 (year ended 31 December 2022: 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 2023 Unaudited	31 December 2022 Audited
14 April 2025	5.87	20,500	20,500
22 August 2026	4.14	60,209	60,209
11 December 2026	5.55	8,000	8,000
10 March 2027	3.47	9,250	9,250

The measurement dates of the share options were 11 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.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

24 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 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
0 – 30 days	48,907	43,130
31 – 60 days	225	1,574
Over 90 days	2,077	6,089
Total distribution fee expenses payable	51,209	50,793

25 Commitments

25.1 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 2023, the future aggregate minimum lease payments only include non-cancellable short-term leases.

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Not later than one year	363	241
Total operating lease commitments	363	241

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

25 Commitments (continued)

25.2 Capital commitments

As at 30 June 2023, the Group has unfunded capital commitment in a private equity investment amounted to HK\$7,820,000 (31 December 2022: HK\$312,000).

As at 30 June 2023, the capital commitment contracted to purchase licensed software and hardware but not yet incurred amounted to HK\$8,428,000 (31 December 2022: HK\$10,811,000) with details as below:

	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Within 1 year	2,214	2,618
1 – 2 years	2,254	2,253
2 – 3 years	1,980	1,980
3 years or above	1,980	3,960
	8,428	10,811

26 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.

26.1 Summary of related-party transactions

	Six months ended 30 June 2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Investment management fee income from a related party of a director	65	10
Consultancy fee expense to a related party of a director	161	145

26.2 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 2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Management bonus, salaries and other short-term employee benefits	9,193	9,840
Share-based compensation	5,095	9,675
Pension costs	36	36
Total key management compensation	14,324	19,551

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

26 Related-party transactions (continued)

26.3 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 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Consolidated structure entity		
Value Partners Asia Pacific Real Estate Limited Partnership (Note 20)	733,186	674,968
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (Note 19)	71,150	-
Unconsolidated structured entities		
Hanwha Value Partners Asia High Dividend Equity Feeder Fund	39,193	35,543
Value Gold ETF ^(b)	500,170*	474,895*
Value Partners Asia Fund, LLC ^(a)	323	334
Value Partners Asia Principal Credit Fund Limited Partnership (Note 17)	84,180	104,795
Value Partners Classic Fund ⁽ⁱ⁾	1,153*	3,465*
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (Note 17)	-	72,650
Value Partners Fund Series- Value Partners All China Bond Fund ^(d)	142,986*	140,543*
Value Partners Fund Series - Value Partners Asian Innovation Opportunities Fund ^(d)	92,485*	77,139*
Value Partners Fund Series - Value Partners Asian Total Return Bond Fund ^(d)	12,565*	12,977*
Value Partners Fund Series - Value Partners China A-Share Select Fund ^(d)	567*	629*
Value Partners Fund Series - Value Partners Asian Income Fund ⁽ⁱ⁾	363*	548*
Value Partners Greater China High Yield Income Fund ^(e)	1,219*	1,005*
Value Partners Hedge Fund Limited ^(a)	2	2
Value Partners High-Dividend Stocks Fund ⁽ⁱ⁾	2,139*	2,092*
Value Partners Intelligent Funds - Chinese Mainland Focus Fund ^(g)	1,165*	1,790*
Value Partners Intelligent Funds - China Convergence Fund ^(c)	48	55
Value Partners Ireland Fund ICAV - Value Partners All China Equity Fund ^{(h)&(i)} (Note 17)	105,660	67
Value Partners Ireland Fund ICAV - Value Partners Asia Ex-Japan Equity Fund ^{(h)&(i)} (Note 17)	32,167	30,411
Value Partners Ireland Fund ICAV - Value Partners Asian Dynamic Bond Fund ⁽ⁱ⁾ (Note 17)	33,079	32,952
Value Partners Ireland Fund ICAV - Value Partners China A Shares Consumption Fund ^(d) (Note 17)	39,166	45,036
Value Partners Ireland Fund ICAV - Value Partners China A Shares Equity Fund ^{(h)&(k)} (Note 17)	44,570	51,590
Value Partners Ireland Fund ICAV - Value Partners China A Shares High Dividend Fund ^(k) (Note 17)	50,012	50,108
Value Partners Ireland Fund ICAV - Value Partners Classic Equity Fund ^(h) (Note 17)	69	70

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

26 Related-party transactions (continued)

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

	Fair Value	
	30 June 2023 HK\$'000 Unaudited	31 December 2022 HK\$'000 Audited
Value Partners Ireland Fund ICAV – Value Partners Asian Food and Nutrition Fund ^(d) (Note 17)	83,293	–
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund ^(d) (Note 17)	318,789*	357,123*
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund ^(f) (Note 17)	76,680	103,380
Value Partners Multi-Asset Fund ^(d)	31,189*	32,654*
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership (Note 17)	2,874	2,863
VP-DJ Shariah China A-Shares 100 ETF	13,233	13,817
惠理中國新時代優選1號私募投資基金	1,328	1,384
外貿信託－惠理滬港深6號	863	904
交銀國信·匯利202號集合資金信託計劃	1,071	1,127
惠理中國豐泰1號私募投資基金	1,467	1,579
惠理中國金鈺1號私募投資基金	13*	400*
惠理中國中睿滬港深1號私募證券投資基金	1,173	1,293
惠理中國安欣價值滬港深1期私募證券投資基金	1,126	1,250
惠理中國景篤私募證券投資基金	53*	26*
外貿信託－惠理滬港深證券投資集合資金信託計劃	841	882
惠理中國豐泰3號私募證券投資基金	863	926
惠理中國嘉享1號私募證券投資基金	1,049	1,094
華安財保資管安源33號資產管理產品	5,027	5,580
長城財富朱雀長惠一號資產管理產品	5,409	–
Total investments in investment funds which are managed/advised by the Group	2,533,958	2,339,946

* The fair value has included investments made on behalf of certain employees of the Group under the deferred bonus plan. For details, please refer to Note 8.

- (a) The shares held were management shares.
- (b) The units held were Class A and listed class units.
- (c) The units held were Class A units.
- (d) The units held were Class A and Class X units.
- (e) The units held were management shares and Class X units.
- (f) The units held were Class A unhedge and hedge.
- (g) The units held were Class 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.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023

27 Subsequent events

On 26 July 2023, Sensible Asset Management Hong Kong Limited, a subsidiary of the Group, entered into a conditional subscription and share purchase agreement with PT Aldiracita Sekuritas Indonesia, to purchase 29.99% interest in PT Surya Timur Alam Raya Asset Management, with a consideration of US\$3.5 million (equivalent to HK\$27 million). Concurrently, the Group entered into a sales and purchase agreement with Aldiracita Global Investment Pte. Ltd, a subsidiary of PT Aldiracita Sekuritas Indonesia, to sell 29.99% interest in Value Partners Asset Management Singapore Pte. Ltd., a subsidiary of the Group, with a consideration of US\$758,000 (equivalent to HK\$6 million). The completion of these transactions are subject to the satisfaction of certain conditions precedents and regulatory approvals.

On 27 July 2023, Golden Partners Investment Limited, a joint venture of the Group, completed the purchase of a 50% stake in Cromwell Italy Urban Logistics Fund which owns seven logistics assets in Italy, with a total investment amount of Euro 13.1 million (equivalent to HK\$112 million) through the subscription of 50% units in Cromwell Italy Urban Logistics Fund.

Other information

Directors' interests in shares, underlying shares and debentures

As at 30 June 2023, 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	22.10%	-	22.10%
	Beneficial	60,733,516	3.32%	1,855,000	3.42%
Mr. SO Chun Ki Louis	Beneficial	15,765,723	0.86%	42,162,000	3.17%
Ms. HUNG Yeuk Yan Renee	Founder of trust ⁽²⁾	16,870,583	0.92%	-	0.92%
	Beneficial	1,200,000	0.06%	13,316,000	0.79%
Mr. HO Man Kei, Norman	Beneficial	13,621,132	0.74%	13,316,000	1.47%
Ms. WONG Wai Man June	Beneficial	-	-	9,250,000	0.50%
Dr. CHEN Shih-Ta Michael	Beneficial	-	-	350,000	0.01%
Mr. Nobuo OYAMA	Beneficial	500,000	0.02%	350,000	0.04%
Mr. WONG Poh Weng	Beneficial	-	-	350,000	0.01%

Notes:

- (1) These Shares are directly held by Cheah Capital Management Limited ("CCML") which is wholly-owned by Cheah Company Limited ("CCL") which is in turn wholly-owned by Zedra Jersey Nominee Company Limited (formerly known as BNP Paribas Jersey Nominee Company Limited), a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for Zedra Jersey Trust Corporation Limited (formerly known as 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 Zedra Jersey Trust Corporation Limited (formerly known as BNP Paribas Jersey Trust Corporation Limited) is Zedra SA (formerly known as BNP Paribas SA).

CCML, Dato' Seri CHEAH Cheng Hye (as the guarantor of CCML), Mr. Yeh V-Nee ("Mr. Yeh"), and GF Holdings (Hong Kong) Corporation Limited ("GF") entered into an agreement dated 1 June 2023 for the sale of up to 224,572,989 shares and 144,427,011 shares held by CCML and Mr. Yeh, respectively, to GF, completion of which is subject to the satisfaction (or waiver, where applicable) of certain conditions precedents.

- (2) These Shares are directly held by Bright Starlight Limited which is wholly-owned by Scenery Investments Limited which is in turn wholly-owned by East Asia International Trustees Limited, a company incorporated in the British Virgin Islands, as trustee for a discretionary trust, the discretionary objects of which include certain members of the family of Ms. HUNG Yeuk Yan Renee.
- (3) The number of underlying Shares in which the Directors hold under the share option scheme are detailed in "Share options" section below.

(b) Share options

The Company adopted a share option scheme the (“Scheme”) at the annual general meeting held on 4 May 2017. A summary of the movements of the outstanding share options during the six months ended 30 June 2023 are as follows:

Name or category of Grantee	Date of grant ⁽⁴⁾	Exercise period	Exercise price (HK\$)	As at 01/01/2023	Number of Share Options			As at 30/06/2023
					Granted ⁽⁵⁾ during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	
Director								
Dato' Seri CHEAH Cheng Hye	23/11/2020	23/05/2022-22/08/2026	4.14	927,500	-	-	-	927,500
		23/11/2023-22/08/2026	4.14	927,500	-	-	-	927,500
Mr. SO Chun Ki Louis	15/10/2018	15/04/2019-14/04/2025	5.87	6,000,000	-	-	-	6,000,000
		15/04/2020-14/04/2025	5.87	6,000,000	-	-	-	6,000,000
		15/04/2021-14/04/2025	5.87	6,000,000	-	-	-	6,000,000
	23/11/2020	23/05/2022-22/08/2026	4.14	12,081,000	-	-	-	12,081,000
		23/11/2023-22/08/2026	4.14	12,081,000	-	-	-	12,081,000
Ms. HUNG Yeuk Yan Renee	23/11/2020	23/05/2022-22/08/2026	4.14	6,658,000	-	-	-	6,658,000
		23/11/2023-22/08/2026	4.14	6,658,000	-	-	-	6,658,000
Mr. HO Man Kei, Norman	23/11/2020	23/05/2022-22/08/2026	4.14	6,658,000	-	-	-	6,658,000
		23/11/2023-22/08/2026	4.14	6,658,000	-	-	-	6,658,000
Ms. WONG Wai Man June	11/03/2022	11/09/2023-10/03/2027	3.47	4,625,000	-	-	-	4,625,000
		11/03/2025-10/03/2027	3.47	4,625,000	-	-	-	4,625,000
Dr. CHEN Shih-Ta Michael	23/11/2020	23/05/2022-22/08/2026	4.14	175,000	-	-	-	175,000
		23/11/2023-22/08/2026	4.14	175,000	-	-	-	175,000
Mr. Nobuo OYAMA	23/11/2020	23/05/2022-22/08/2026	4.14	175,000	-	-	-	175,000
		23/11/2023-22/08/2026	4.14	175,000	-	-	-	175,000
Mr. WONG Poh Weng	23/11/2020	23/05/2022-22/08/2026	4.14	175,000	-	-	-	175,000
		23/11/2023-22/08/2026	4.14	175,000	-	-	-	175,000
Other employees in aggregate⁽³⁾								
	15/10/2018	15/04/2019-14/04/2025	5.87	833,333	-	-	-	833,333
		15/04/2020-14/04/2025	5.87	833,333	-	-	-	833,333
		15/04/2021-14/04/2025	5.87	833,334	-	-	-	833,334
	23/11/2020	23/05/2022-22/08/2026	4.14	3,255,000	-	-	-	3,255,000
		23/11/2023-22/08/2026	4.14	3,255,000	-	-	-	3,255,000
	12/03/2021	12/09/2022-11/12/2026	5.55	4,000,000	-	-	-	4,000,000
		12/03/2024-11/12/2026	5.55	4,000,000	-	-	-	4,000,000
Total				97,959,000	-	-	-	97,959,000

Notes:

- (1) The closing prices of the Shares immediately before the share options granted on 15 October 2018, 23 November 2020, 12 March 2021 and 11 March 2022 were HK\$5.87, HK\$4.14, HK\$5.55 and HK\$3.26 respectively.
- (2) No share option was cancelled during the period under review.
- (3) Eligible employees are working under employment contracts that are regarded as ‘continuous contracts’ for the purpose of the Employment Ordinance.
- (4) The vesting period of the share options is from the respective date of grant up to the date immediately preceding the commencement date of the exercise period.

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

Other information

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 Scheme will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Scheme.

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 2023, 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 as recorded in the register required to be kept under section 336 of the SFO:

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⁾⁽⁴⁾	Spouse	464,464,000	25.42%	1,855,000	25.52%
Mr. YEH V-Nee ⁽⁴⁾	Beneficial	298,705,324	16.35%	-	16.35%
Mrs. YEH Mira ⁽²⁾⁽⁴⁾	Spouse	298,705,324	16.35%	-	16.35%
Ceah Capital Management Limited ⁽³⁾⁽⁴⁾	Beneficial	403,730,484	22.10%	-	22.10%
Ceah Company Limited ⁽³⁾⁽⁴⁾	Corporate	403,730,484	22.10%	-	22.10%
Zedra Jersey Nominee Company Limited ⁽³⁾⁽⁴⁾	Nominee	403,730,484	22.10%	-	22.10%
Zedra Jersey Trust Corporation Limited ⁽³⁾⁽⁴⁾	Trustee	403,730,484	22.10%	-	22.10%
Haitong Securities Co., Ltd. ⁽⁵⁾	Corporate	182,669,200	9.99%	-	9.99%

Notes:

- (1) Ms. TO Hau Yin is the spouse of Dato' Seri CHEAH Cheng Hye.
- (2) Mrs. YEH Mira is the spouse of Mr. YEH V-Nee.
- (3) Cheah Capital Management Limited ("CCML") is wholly-owned by Cheah Company Limited ("CCL") which in turn is wholly-owned by Zedra Jersey Nominee Company Limited (formerly known as BNP Paribas Jersey Nominee Company Limited), a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for Zedra Jersey Trust Corporation Limited (formerly known as 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 Zedra Jersey Trust Corporation Limited (formerly known as BNP Paribas Jersey Trust Corporation Limited) is Zedra SA (formerly known as BNP Paribas SA).
- (4) CCML, Dato' Seri CHEAH Cheng Hye (as the guarantor of CCML), Mr. Yeh V-Nee ("Mr. Yeh"), and GF Holdings (Hong Kong) Corporation Limited ("GF") entered into an agreement dated 1 June 2023 for the sale of up to 224,572,989 shares and 144,427,011 shares by CCML and Mr. Yeh, respectively, to GF, completion of which is subject to the satisfaction (or waiver, where applicable) of certain conditions precedents. GF is directly held as to 100% by 廣發證券股份有限公司 which is therefore deemed, pursuant to the SFO, to be interested in the aforesaid aggregate of 369,000,000 shares proposed to be acquired by GF under the said agreement subject to completion.
- (5) Haitong Securities Co., Ltd. is deemed to be interested in the 182,669,200 Shares pursuant to the SFO, 182,669,200 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 71.74% 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 2023 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 2023 (six months ended 30 June 2022: Nil).

Foreign exchange

As at 30 June 2023, other than the Renminbi-denominated bank deposits of approximately HK\$637 million (30 June 2022: the Renminbi-denominated bank deposits of approximately HK\$458 million and the Australian-dollar-denominated bank deposits of approximately HK\$652 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 2023, the Group employed 141 staff (30 June 2022: 164) in Hong Kong SAR, 34 staff (30 June 2022: 43) in Shanghai, 5 staff (30 June 2022: 3) in Shenzhen, 8 staff (30 June 2022: 4) in Singapore, 2 staff (30 June 2022: 2) in London and 5 staff (30 June 2022: 6) in Malaysia. Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with the Group's emphasis on recognition for performance and human capital retention, the Group rewards its employees with year-end discretionary bonus which is linked to the Group's level of profits for that financial year.

Purchase, sale or redemption of the Company's securities

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 2023.

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 2023.

Independent review of interim results

The unaudited interim results of the Group for the six months ended 30 June 2023 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 2023.

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 2023.

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.