惠 理 集 團
Value Partners Group

VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

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

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

FINAL RESULTS

The Board of Directors (the "Board") of Value Partners Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	**2021** **HK$'000**	2020 HK$'000
Income			
Fee income	2	**1,281,649**	2,561,449
Distribution fee expenses		**(526,235)**	(510,820)
Net fee income		**755,414**	2,050,629
Other income		**125,555**	82,681
Total net income		**880,969**	2,133,310
Expenses			
Compensation and benefit expenses	3	**(389,543)**	(672,911)
Operating lease rentals		**(8,008)**	(9,086)
Depreciation of right-of-use assets – properties		**(23,748)**	(31,145)
Other expenses	4	**(99,374)**	(111,672)
Total expenses		**(520,673)**	(824,814)
Operating profit (before other gains/losses)		**360,296**	1,308,496
Net gains on investments		**112,644**	257,608
Fair value gain of an investment property		**18,460**	–
Net foreign exchange (losses)/gains		**(20,068)**	6,076
Others		**–**	50
Other gains – net	5	**111,036**	263,734
Operating profit (after other gains/losses)		**471,332**	1,572,230
Finance costs		**(3,968)**	(3,450)
Share of gains of joint ventures		**40,530**	32,471
Profit before tax		**507,894**	1,601,251
Tax expense	6	**(50,081)**	(221,776)
Profit for the year attributable to owners of the Company		**457,813**	1,379,475
Other comprehensive income for the year			
– Items that have been reclassified or may be subsequently reclassified to profit or loss			
Foreign exchange translation	7	**12,836**	43,531
Other comprehensive income for the year	7	**12,836**	43,531
Total comprehensive income for the year attributable to owners of the Company		**470,649**	1,423,006
Earnings per share attributable to owners of the Company (HK cents per share)			
Basic earnings per share	8	**24.7**	74.4
Diluted earnings per share	8	**24.6**	74.4

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	**2021** **HK$'000**	2020 HK$'000
Non-current assets			
Property, plant and equipment		**192,106**	193,928
Right-of-use assets		**46,292**	14,627
Investment property	10	**190,572**	181,000
Intangible assets		**14,930**	16,360
Investments in joint ventures	11	**424,039**	342,229
Deferred tax assets		**1,538**	1,095
Investments	12	**2,820,414**	1,876,413
Other assets		**8,838**	2,654
		3,698,729	2,628,306
Current assets			
Investments	12	**25,601**	17,252
Fees receivable	13	**190,060**	1,495,304
Amounts receivable on sale of investments		**–**	139,500
Tax receivable		**59,936**	–
Prepayments and other receivables		**30,079**	44,043
Cash and cash equivalents	14	**1,665,937**	1,974,408
		1,971,613	3,670,507
Current liabilities			
Accrued bonus		**129,192**	384,559
Distribution fee expenses payable	15	**92,020**	109,773
Borrowing	16	**–**	86,499
Other payables and accrued expenses		**44,926**	64,754
Lease liabilities		**19,771**	12,457
Current tax liabilities		**–**	170,768
		285,909	828,810
Net current assets		**1,685,704**	2,841,697
Non-current liabilities			
Accrued bonus		**11,166**	51,186
Borrowing	16	**82,634**	–
Lease liabilities		**25,878**	775
		119,678	51,961
Net Assets		**5,264,755**	5,418,042
Equity			
Equity attributable to owners of the Company			
Issued equity	17	**1,385,078**	1,407,105
Other reserves		**83,130**	296,588
Retained earnings		**3,796,547**	3,714,349
Total equity		**5,264,755**	5,418,042

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

New and amended standards adopted by the Group

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

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

The Group also elected to adopt the following amendments early:

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

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

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

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

2. REVENUE

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

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

3. COMPENSATION AND BENEFIT EXPENSES

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

4. OTHER EXPENSES

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

5. OTHER GAINS – NET

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

6. TAX EXPENSE

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

6. TAX EXPENSE (CONTINUED)

Hong Kong profits tax has been provided on the estimated assessable profit for the year ended 31 December 2021 at the rate of 16.5% (2020: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

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

7. OTHER COMPREHENSIVE INCOME

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

8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the profit for the year attributable to owners of the Company of HK$457,813,000 (2020: HK$1,379,475,000).

The basic earnings per share is based on the weighted average number of ordinary shares in issue during the year of 1,853,188,000 (2020: 1,855,083,000). The diluted earnings per share is calculated by the adjusted weighted average number of ordinary shares in outstanding during the year of 1,861,531,000 (2020: 1,855,083,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

9. DIVIDENDS

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

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

10. INVESTMENT PROPERTY

On 21 September 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand with a consideration of HK$146,390,000. The fair value of the investment property was HK$190,572,000 at 31 December 2021 (31 December 2020: HK$181,000,000).

11. INVESTMENTS IN JOINT VENTURES

As at 31 December 2021, "investments in joint ventures" on the consolidated balance sheet, amounting to HK$424,039,000 (2020: HK$342,229,000), represents the Group's 50% equity interest in Value Investing Group Company Limited ("Value Investing"), Clear Miles Hong Kong Limited ("Clear Miles HK"), VP-ZACD Holdings Pte. Ltd., and 15% of the interest in AM 310 Ann Street Investor Unit Trust ("AM 310"). Value Investing has the trust beneficiary interests in three logistics centers in Japan (31 December 2020: three) and AM 310 holds an Australian commercial tower (31 December 2020: Nil).

During the year ended 31 December 2021, Clear Miles HK sold the industrial facility located in Australia and committed to invest a total of Australian dollar ("AUD") 110.0 million (equivalent to HK$616.9 million) through the subscription of 110,000,000 units in AM Kent Street Investor Trust. It is expected that completion of the subscription of units will take place on 31 March 2022 subject to the approval of the Australian Foreign Investment Review Board. As at 31 December 2021, AUD11.0 million (equivalent to HK$61.7 million) was invested by Clear Miles HK.

12. INVESTMENTS

Investments include the following:

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

13. FEES RECEIVABLE

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

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

14. CASH AND CASH EQUIVALENTS

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

15. DISTRIBUTION FEE EXPENSES PAYABLE

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

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

16. BORROWING

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

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

The maturity of borrowing is as follows:

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

17. ISSUED EQUITY

	Number of shares	**Issued equity**
		HK$'000
As at 1 January 2020, 31 December 2020 and 1 January 2021	**1,855,082,831**	**1,407,105**
Shares repurchase	(5,100,000)	(22,027)
As at 31 December 2021	**1,849,982,831**	**1,385,078**

CHAIRMAN'S STATEMENT

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

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

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

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

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

Overall vision

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

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

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

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

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

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

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

The Group's new President

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

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

Appreciation

To the many clients, shareholders, service providers and friends who have supported and encouraged us, we shall always be grateful. Very importantly, may I express special appreciation to the staff of Value Partners, who are characterized by a strong and steady devotion to serving clients with the highest professional standards.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

Financial highlights

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

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

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

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

Fund performance highlights

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

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

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

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

Strengthened management team

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

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

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

The Group also strengthened its mid-back operations as well as the risk management function with the hire of Ms. Winne LAM as Chief Operating Officer, Ms. Nikita NG as Finance Director, and Mr. David WONG as Chief Risk Officer. Ms. LAM has over 30 years of experience in the fund management and financial services industry across Asia and is responsible for managing the Group's overall operations and mid-back office functions, while Ms. NG leads the finance function of the Group. Mr. WONG brings to the Group with over two decades of experience in the financial markets and provides strategic direction, functional leadership and in-depth technical and operational expertise on the best practices of risk management.

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

Capturing business opportunities in Mainland China

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

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

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

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

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

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

Growing our overseas businesses

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

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

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

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

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

ESG commitment

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

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

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

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

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

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

Outlook

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

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

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

Appreciation

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

1. *MSCI, 31 December 2021.*

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

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

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

5. *Morgan Stanley research, September 2021.*

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

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

FINANCIAL REVIEW

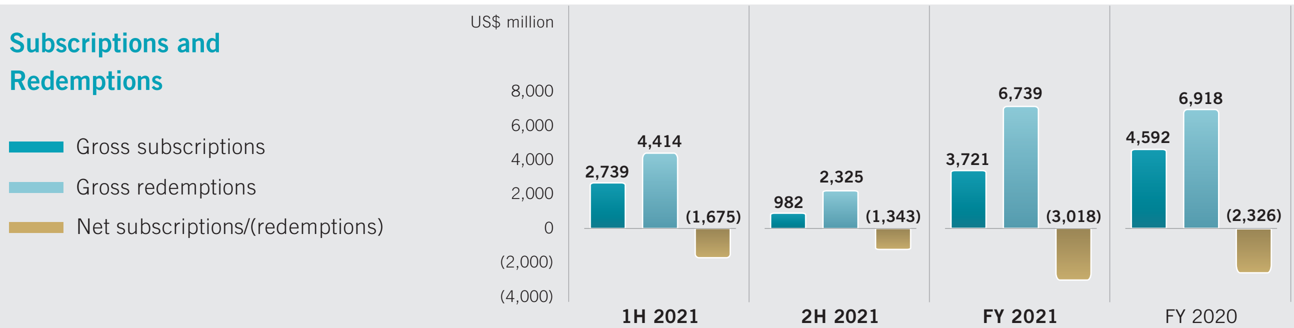
Assets Under Management ("AUM")

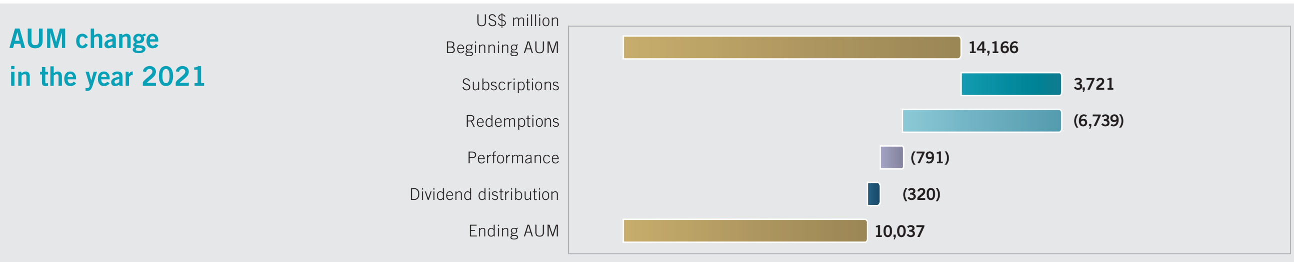
AUM and return

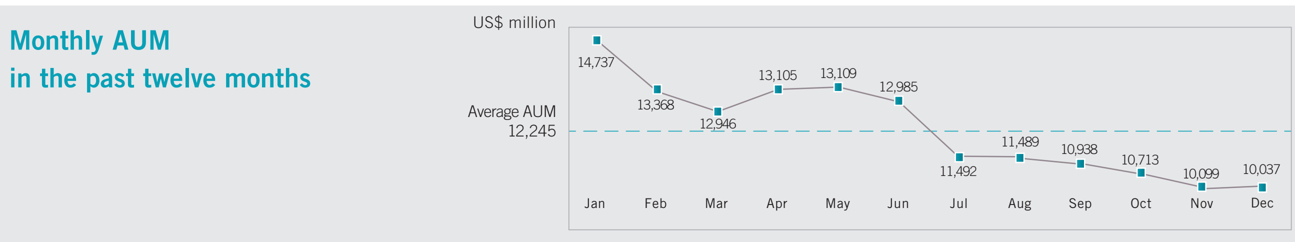
The Group's AUM stood at US$10,037 million at the end of December 2021 (31 December 2020: US$14,166 million). The decline was mainly due to a net redemption of US$3,018 million and a negative fund return of US$791 million in a challenging market environment during 2021.

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

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





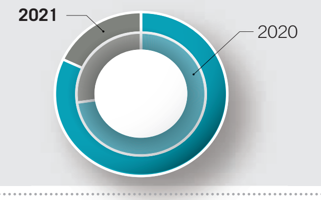


AUM by category

The charts below show the breakdown of the Group's AUM as at 31 December 2021 using two classifiers: brand and strategy. Own Branded Funds (82%) remained the biggest contributor to the Group's AUM. By strategy, Absolute Return Long-biased Funds (72%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (23%), where the Value Partners Greater China High Yield Income Fund was the largest contributor.

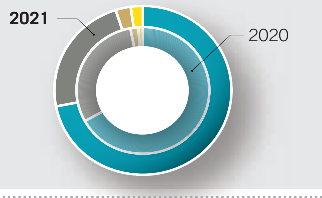
Classification by brand

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



Classification by strategy

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

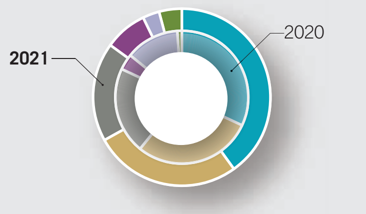


Client base

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

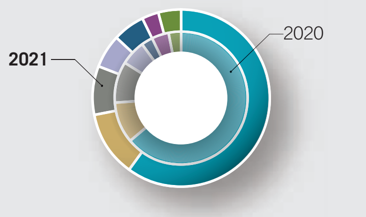
Client analysis by type

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



Client analysis by geographical region

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



Summary of results

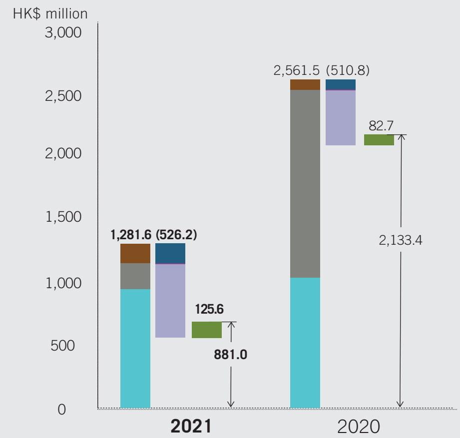
Key financial highlights for the reporting period are as follows:

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

Revenue and fee margin

Breakdown of total net income

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



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

The drop in total revenue was underwritten by a sharp decline in gross performance fees, which decreased to HK$200.5 million (2020: HK$1,468.1 million), as most of the Group's funds that attract performance fees finished the year below their high watermarks against the weak market backdrop. Performance fees are generated when eligible funds, at their performance fee crystallization dates, report returns exceeding their high watermarks for the respective period up to the crystallization date.

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

During the year, our annualized net management fee margin decreased to 59 basis points (2020: 61 basis points) on the back of net outflows of the Value Partners Greater China High Yield Income Fund, which has relatively higher margins. Meanwhile, the management fee rebates for distribution channels decreased by 13.6% to HK$370.4 million (2020: HK$428.5 million).

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

Other income, which mainly comprised of interest income, dividend income as well as rental and other income from an investment property, totaled HK$125.6 million (2020: HK$82.7 million). The change was mainly due to a rise in dividend income to HK$53.1 million (2020: HK$13.4 million).

Other gains or losses

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

Other gains or losses mainly included fair value changes and realized gains or losses on seed capital investments, investments in our own funds and other investments, as well as net foreign exchange gains or losses. Seed capital investments are made by the Group to provide capital that was considered necessary to new funds during the initial phase of fund launches. The Group also invests in its own funds alongside investors, where appropriate, for better alignment of interests and investment returns.

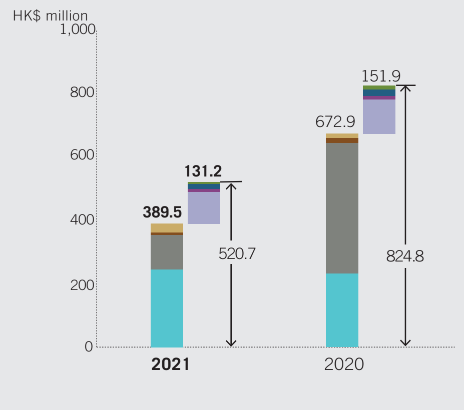
Investments in joint ventures

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

Cost management

Breakdown of total expenses

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



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

Compensation and benefit expenses

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

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

The staff of Value Partners is entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group. Staff rebates for the year amounted to HK$7.8 million (2020: HK$15.4 million).

During the year, the Group recorded expenses of HK$28.8 million (2020: HK$13.7 million), which were related to stock options granted to employees. This expense item had no impact on cash flow and was recognized in accordance with Hong Kong Financial Reporting Standards.

Other expenses

Other non-staff operating costs – such as rent, legal and professional fees, investment research fees, and other administrative and office expenses – amounted to HK$99.4 million for the year (2020: HK$107.4 million), while sales and marketing expenses decreased to HK$8.9 million (2020: HK$11.1 million).

Dividends

The Group has been adopting a consistent dividend distribution policy that takes into account the relatively volatile nature of asset management income streams. This policy states that dividends (if any) will be declared annually at the end of each financial year to better align dividend payments with the Group's full-year performance. Dividend per share is declared based on the Group's realized profit, which excludes unrealized gains and losses recognized.

For 2021, the Board of Directors recommended a final dividend of 8 HK cents per share to shareholders.

Liquidity and financial resources

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits and dividend income from investments held. At the end of 2021, the Group's balance sheet and cash positions remained strong, with a net cash balance of HK$1,665.9 million. Net cash inflows from operating activities amounted to HK$1,075.6 million, while the Group had no corporate bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The Group's debt-to-equity ratio, measured by interest bearing external borrowings (excluding borrowings by investment funds where the Group has a controlling interest) divided by shareholders' equity, was zero, while its current ratio (current assets divided by current liabilities) was 6.9 times.

Capital structure

As at 31 December 2021, the Group's shareholders' equity and total number of shares issued were HK$5,264.8 million and 1.85 billion, respectively.

1. *Overall fund performance is calculated by taking an asset-weighted average of returns of the most representative share class of all funds managed by Value Partners.*

2. *Annual calendar returns of Value Partners High-Dividend Stocks Fund (Class A1) over the past five years: 2017: +32.9%; 2018: -14.2%; 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022 (Year to date as at 28 February): -1.1%.*

3. *SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

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

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

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

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS HONG KONG

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers Hong Kong ("PwC"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

HUMAN RESOURCES

As at 31 December 2021, the Group employed 179 staff (2020: 173) in Hong Kong SAR, 41 staff (2020: 34) in Shanghai, 3 staff (2020: 5) in Shenzhen, 4 staff (2020: 5) in Singapore, 2 staff (2020: 2) in London and 7 staff (2020: 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.

DIVIDENDS

No interim dividend was paid during the year. The Board is pleased to recommend the distribution of a final dividend of 8 HK cents per share for the year ended 31 December 2021. Subject to the approval of shareholders of the Company at the Annual General Meeting ("AGM") for the year 2022, the final dividend will be payable on or about 25 May 2022 to shareholders whose names appear on the Registers of Members of the Company at close of business on 10 May 2022. Dividend per share is declared based on the Group's realized profit which excluded the unrealized gains and losses recognized, the Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Thursday, 28 April 2022. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

1. AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 25 April 2022 to Thursday, 28 April 2022 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 22 April 2022.

2. Proposed Final Dividend

The proposed final dividend is subject to the passing of an ordinary resolution by shareholders at the AGM. The record date for entitlement to the proposed final dividend is 10 May 2022. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 5 May 2022 to Tuesday, 10 May 2022, both days inclusive, during which period no transfer of shares will be effected. The ex-dividend date will be Tuesday, 3 May 2022. In order to qualify for the proposed final dividend mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the above mentioned address not later than 4:00 p.m. on Wednesday, 4 May 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

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

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

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

AUDIT COMMITTEE

In compliance with the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited, the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the Directors' opinion, the Company has complied with the code provisions (except code provision A.2.1 (which has been re-numbered as code provision C.2.1) as stated below) set out in the Corporate Governance Code (the "CG Code", which has been updated and renamed as the Corporate Governance Code with effect from 1 January 2022) as set out in Appendix 14 to the Listing Rules throughout the year of 2021. In respect of code provision A.2.1 of the CG Code, the roles of chairman and chief executive are held by the same individuals, namely, Dato' Seri CHEAH Cheng Hye and Mr. SO Chun Ki Louis as Co-Chairmen and also members of the Leadership Committee which serves the function of chief executive. Upon the appointment of Ms. WONG Wai Man June as the President and a member of the Leadership Committee of the Company with effect from 18 October 2021, the Company is in compliance with the requirement under code provision A.2.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2021.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

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

OUR APPRECIATION

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

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

Hong Kong, 10 March 2022

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