



**PIONEER IN
VALUE INVESTING
SINCE 1993**

2024 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, Singapore and London.

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 Executive Directors

Dato' Seri CHEAH Cheng Hye
Ms. LIN Xianghong

Executive Directors

Mr. SO Chun Ki Louis
Ms. HUNG Yeuk Yan Renee
Mr. LI Qian

Independent Non-executive Directors

Dr. CHEN Shih-Ta Michael
Mr. WONG Poh Weng
Mr. Till ROSAR

Company Secretary

Mr. CHEUNG Kwong Chi, Aaron

Authorized Representatives

Mr. CHEUNG Kwong Chi, Aaron
Mr. SO Chun Ki Louis

Members of the Audit Committee

Mr. WONG Poh Weng (*Chairman*)
Dr. CHEN Shih-Ta Michael
Mr. Till ROSAR

Members of the Nomination Committee

Dato' Seri CHEAH Cheng Hye (*Chairman*)
Dr. CHEN Shih-Ta Michael
Ms. LIN Xianghong
Mr. Till ROSAR
Mr. WONG Poh Weng

Members of the Remuneration Committee

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

Members of the Risk Management Committee

Ms. FIFI (*Chairman*)
Ms. LAM Mei Kuen Winnie
Ms. LEE Vivienne
Ms. NG Chuk Fa, Nikita
Mr. SO Chun Ki Louis

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		
	2024	2023	% Change
Total revenue	235.7	276.8	-14.8%
Gross management fees	200.8	245.9	-18.3%
Gross performance fees	9.7	-	
Operating profit/(loss) (before other gains/losses)	0.6	(3.0)	+120.0%
Profit attributable to owners of the Company	37.4	4.9	+663.3%
Basic earnings per share (HK cents)	2.0	0.3	+566.7%
Diluted earnings per share (HK cents)	2.0	0.3	+566.7%
Interim dividend per share	Nil	Nil	

(In US\$ million)	30 June 2024	31 December 2023	% Change
Assets under management	5,402	5,570	-3.0%

Management discussion and analysis

During the first half of 2024, Asia's markets have improved relative to last year. In China, investors are warming up to the market, thanks to some signs of gradual economic recovery and a series of market reforms and policy relaxations targeted at the property sector. Meanwhile, the Taiwan and South Korean markets were strong, bolstered by the demand for artificial intelligence (AI)-related technologies and applications. At the same time, South Asia continues to be supported by the region's robust economic growth and resilient domestic demand.

However, global investors remain underweight overall. For China, investors still await solid signs of economic recovery, particularly for the property sector, while the high interest rates in the US and the country's strong currency continue to be headwinds for Southeast Asia markets. Geopolitical concerns, including the trade conflicts between the US and China and escalating tensions in the Middle East, also continue to be risk factors, in addition to key elections worldwide.

Given these risks, investors are not yet fully "risk-on", and the appetite for the risk assets in the region remains benign. As some of our investment strategies invest in these assets, our assets under management ("AUM") slightly declined during the first six months of 2024. That said, these were offset by inflows into some of our income and alternative strategies, as well as the stellar performance of some of our products. Our overall fund performance, calculated as the asset-weighted average return of funds under management, increased by 6.4%. Notably, our flagship funds, the Value Partners High-Dividend Stocks Fund¹ and the Value Partners Greater China High Yield Income Fund², achieved gains of 11.2% and 11.7%, respectively, for the first six months of 2024.

While we expect uncertainties to linger in the short-to-medium term, Asia remains a high-growth region, with its continued economic expansion, favorable demographics, and rising middle class presenting opportunities for asset managers like us. In China, we also aim to tap into opportunities brought by the growing demand for professionally managed wealth management solutions as more mainland Chinese investors diversify their portfolios from property investments to income-focused financial assets. Our strong investment capabilities and well-established track record should position us to capitalize on the growth potential that the region offers.

Financial highlights

As of the end of June 2024, our AUM stood at US\$5.4 billion, slightly down by 3.6% from US\$5.6 billion at the end of 2023, mainly due to the risk-off stance of some investors toward risk assets. As a result, our gross management fees dropped year-on-year to HK\$201 million in the first half of 2024.

Despite the volatile market, the Group started to recapture gross performance fees of HK\$10 million during the current period, given the stellar performance of a Taiwan-focused investment strategy.

Overall, the Group achieved a net profit of HK\$37 million, compared with HK\$5 million during the first six months of last year. The improved result was primarily driven by the investment gains derived from the Group's proprietary investments and decreased total expenses that compensated for the reduced management fees.

We also managed to capture US\$465 million in gross subscriptions in the first half of 2024 despite the weak market sentiment. In particular, there were strong inflows into the Value Partners Japan REIT Fund ("J-REIT Fund") and high demand for our Value Gold ETF. There were also some inflows into our other income-focused strategies, such as the Value Partners China A Shares High Dividend Fund⁴.

On the cost front, the Group continued its disciplined control cost measures, given the challenging business landscape. Fixed operating expenses, including fixed salaries and benefits, rental, investment research, information technology, and other administrative and office expenses, were HK\$147 million during the first half of 2024, decreasing by 10% compared to HK\$164 million from the same period last year despite general inflationary pressures on operating costs.

As of 30 June 2024, the Group continued to run a solid balance sheet, with net assets of HK\$3.6 billion, including cash of HK\$0.9 billion and investments of HK\$2.5 billion. We shall continue to manage our balance sheet prudently to meet future business needs as well as longer-term strategic growth plans.

Enhancing our client reach

As an Asia-focused asset management firm based in Hong Kong, Value Partners enjoys a unique position in connecting international opportunities to domestic, regional, and global investors, and we continue to expand our client reach both in our home market and abroad.

Our key banking partners continued to support us, and we were able to expand our banking network to include more partners, particularly in Hong Kong. We further expanded our family office coverage in the region, especially in Hong Kong and Singapore. To complement our already strong Greater China coverage, we are also putting in dedicated resources in Singapore to service Southeast Asia's increasing wealth management needs.

In Indonesia, following our strategic partnership formed with Jakarta-based PT Surya Timur Alam Raya Asset Management, we are now advising our partner to roll out an equity strategy for investors in the country. We are optimistic that this partnership will allow us to capitalize on Southeast Asia's long-term growth and development, and we are exploring other solutions based on the local market's needs.

On the institutional front, we have seen a noticeable renewed interest from Asia, Europe, and the Middle East in our product offerings for Asia and Greater China, especially in our income-focused products. We continued our brand-building efforts in Europe, where we organized roadshows in the UK and Switzerland to showcase our investment capabilities.

As institutions slowly return to the market, we are supporting them in positioning themselves for a potential market improvement by offering insights on various income/dividend strategies, which should be more favorable and resilient against elevated market volatility.

In the past few months, new policy developments in various cross-border schemes have also been announced or rolled out, further strengthening our position in the cross-border market.

Within the Mainland-Hong Kong Mutual Recognition of Funds ("MRF") scheme, Chinese regulators proposed enhancements to relax the sales limit for Hong Kong-domiciled MRF funds sold in the Mainland from 50% to 80% of the fund's total assets, alongside other measures, making it easier for asset managers to raise more assets from the Mainland.

In light of these developments, we are mulling plans to bring our third MRF fund into the scheme. This is also an opportune moment for us to drive further our brand among Mainland investors, especially since there has been increasing interest and recognition of our Asian investment capabilities, with modest inflows into our MRF funds during the first half of 2024. We also expanded our MRF distribution with two new channels added in July.

In addition, Hong Kong launched the new Capital Investment Entrant Scheme ("CIES") in March, which aims to attract potential migrants and explore investment opportunities in the city. The new scheme could bring new business to Value Partners, and to date, we have 18 funds that are eligible for the new CIES. In May, we collaborated with other industry players to organize an event about the CIES and promote our investment capabilities. The event was attended by about 200 investors interested in the CIES, Hong Kong's talent program, and other cross-border schemes.

Meanwhile, enhancements to the Greater Bay Area Wealth Management Connect ("WMC") also came into effect in February, allowing more products to be eligible for the program. We now have nine eligible investment products under the scheme, compared to three before the enhancements, enabling our distribution partners to onboard more of our products onto their shelves.

Management discussion and analysis

In China, we also received approval to roll out a fixed income product through the Qualified Domestic Limited Partnership (“QDLP”) program in July, which should enable mainland investors to invest in the offshore markets and diversify their investment portfolios. We expect inflows into the product, especially given the falling yields in mainland China. We are also exploring opportunities to utilize our Qualified Domestic Investment Enterprise (“QDIE”) license to roll out an alternative solution to mainland investors. Similarly, we also aim to leverage and utilize further our qualified foreign limited partnership (“QFLP”) license in Shenzhen, which enables overseas investors to invest in China’s onshore private markets.

Moving forward, we will continue to monitor new policies and explore cross-border schemes that could further enhance our reach to other markets and strengthen our relationship with existing local partners in these competitive markets.

Product expansion and highlights

During the first half of 2024, we continued to diversify and broaden our product suite to include more innovative investment offerings, better catering to investors’ evolving needs.

Following the launch of our money market fund last year, we rolled out the J-REIT Fund in Hong Kong in April. The Fund aims to provide long-term capital appreciation and income generation through investment in real estate investment trusts (“REITs”) listed in Japan. It is also the first and only Hong Kong Securities and Futures Commission (“SFC”)-authorized Japan REITs product³.

We collaborated with Daiwa Asset Management in the research of Japan REITs, which further deepened our ongoing partnership with the Japanese firm. Several of our distribution partners in Hong Kong have already onboarded our new J-REIT Fund, with some already seeing positive inflows into the product. We expect more distributors to onboard the Fund in the coming months.

Besides our J-REIT Fund, we have been promoting the Value Partners China A Shares High Dividend Fund⁴, which now has a four-year credible, strong performance track record. It is also the only true-to-label A-share high dividend strategy available in the offshore market. We have received favorable feedback from institutional clients and consultants, and we expect to see more flows into the strategy in the near future.

The above aligns with our plans to expand our income series of products, which already includes some of our high dividend funds, multi-asset, and fixed income strategies, as we recognized the growing demand for investment solutions that offer income, especially during periods of elevated market volatility.

Some of our investment strategies have also performed strongly during the first half of 2024, particularly our Asian-focused Value Partners High-Dividend Stocks Fund, Value Partners Taiwan Fund, and Value Partners Asian Income Fund, which have helped investors capture opportunities in the strong-performing markets in Asia, such as Taiwan, South Korea, and Japan. Our Value Gold ETF also fared well as it attracted strong interest in portfolio diversification amid rising geopolitical tensions.

Additionally, our investment capabilities continued to gain recognition in the industry. Value Partners won five awards in Bloomberg Businessweek/Chinese Edition’s “Top Funds To Watch 2023” event held in March, which included recognition for our Value Partners Asian Income Fund (two awards), Value Partners Asian Innovation Opportunities Fund, Value Partners Taiwan Fund, and the Value Gold ETF in their respective categories.

We will continue our product strategy of building innovative, differentiated, and unique product offerings to address investors’ needs, and we are also open to partnering with different industry players to bring more innovative and diversified investment solutions to our markets.

ESG developments

ESG is part of our growth strategy, especially given the increasing demands from global clients to address major environmental and sustainability challenges.

2023 was a year where we transitioned our sustainability journey from “ESG 1.0”, which started in 2019, to “ESG 2.0”. In this new phase, we leveraged the ESG foundations we built and articulated our sustainability practices in various aspects. In addition to launching our first Sustainable Finance Disclosure Regulation (“SFDR”) Article 8-compliant fund in May last year, our focus was particularly on our engagement and driving direct dialogue and impact to our portfolio investees.

In the first half of 2024, 18 sustainability topics were covered, totaling about 150 topic interactions with our portfolio investees, which is an increase of more than 50% topic interactions compared to the whole of 2023.

For the rest of 2024, engagement and stewardship activities remain the top priority for our ESG development. These are critical for us to carry out deep ESG assessments on investees while driving relevant sustainability impacts around key topics, such as climate, biodiversity, diversity and inclusion, and others. ESG is an ongoing journey, and it is important to continuously evaluate and articulate our practices to stay resilient in the evolving market developments and regulations and safeguard the interests of our investors.

Business outlook

The investment landscape continues to be volatile. Our 30-year-long track record and the dedication of our team have helped us to adapt to the changing needs of investors to better cater to their financial goals and risk tolerance.

In the medium to long term, Asia continues to present opportunities for asset managers like us. The region remains a high-growth area for wealth creation, supported by various secular drivers. Our strong financial position and ongoing efforts to strengthen our Asian investment capabilities should position us to capture these opportunities. Our commitment to our long-held bottom-up and selective approach to value investing also underpins our company's competitive edge and positions us to be an ideal investment partner.

As we grow our business further, we will bring more high-quality 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.

Management discussion and analysis

Appreciation

Last but not least, we would like to thank 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 shall 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. *Annual calendar returns of Value Partners High-Dividend Stocks Fund (Class A1) over the past five years: 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023: +4.1%; 2024 (Year to date as at 30 June): +11.2%.*
2. *Annual calendar returns of Value Partners Greater China High Yield Income Fund (Class P USD Acc) over the past five years: 2019: +9.4%; 2020: -0.3%; 2021: -22.5%; 2022: -30.2%; 2023: +4.3%; 2024 (Year to date as at 30 June): +11.7%.*
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. *Value Partners China A Shares High Dividend Fund is not authorized by SFC and is not available to the general public in Hong Kong.*

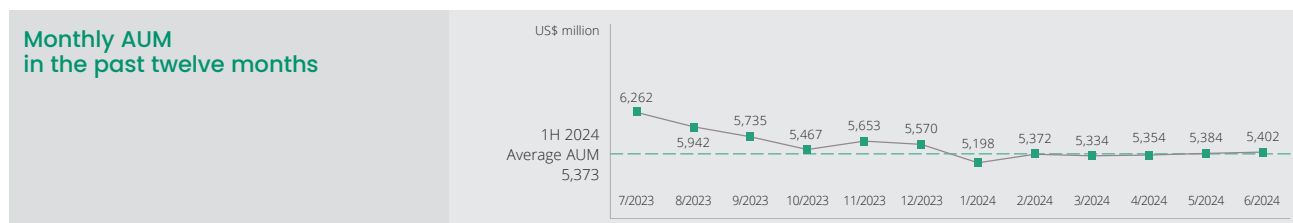
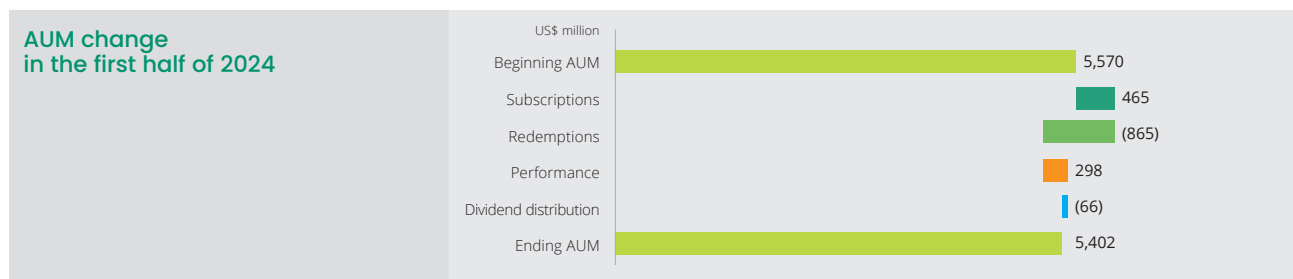
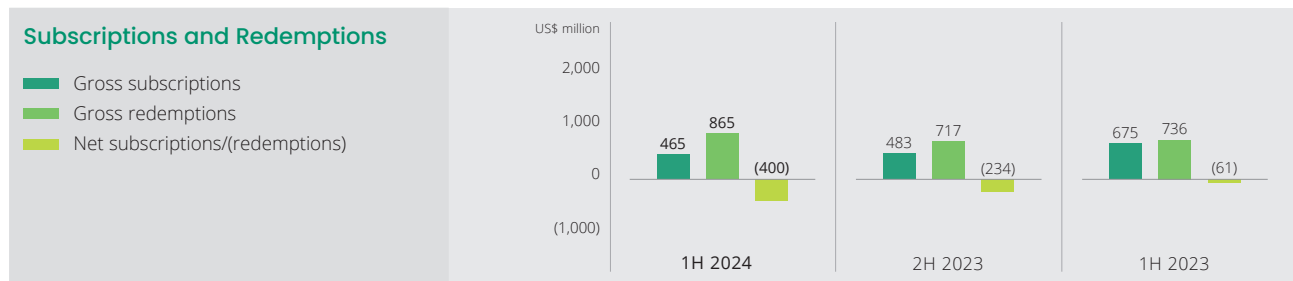
Assets Under Management (“AUM”)

AUM and return

The Group’s AUM stood at US\$5,402 million at the end of June 2024 (31 December 2023: US\$5,570 million). The slight decline was mainly attributable to the net redemptions of US\$400 million offset by positive fund returns of US\$298 million in the first half of 2024.

The overall fund performance¹, calculated as the asset-weighted average return of funds under management, was 6.4% in the period under review, compared with the 6.2% and 4.7% increase in the Hang Seng Index and MSCI China Index (Total Net Return), respectively. Among our funds, the Value Partners High-Dividend Stocks Fund², the Group’s largest public fund³, recorded a gain of 11.2% during the six months ended 30 June 2024. The Value Partners Greater China High Yield Income Fund⁴ and the Value Partners Classic Fund⁵ rose 11.7% and 5.4% respectively during the period, while the Value Gold ETF⁶ recorded a gain of 12.6%.

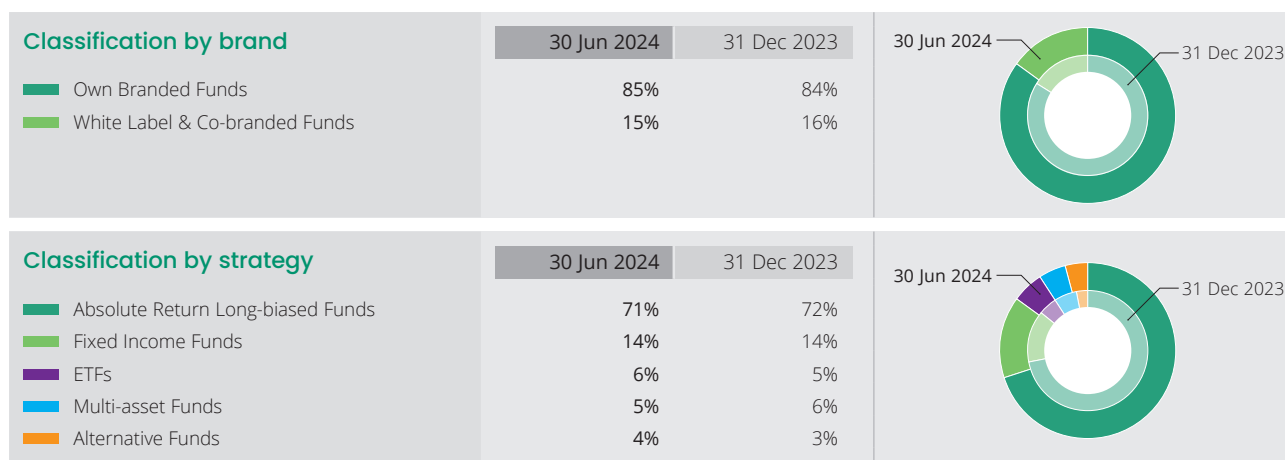
In the first half of 2024, gross subscriptions decreased slightly to US\$465 million from US\$483 million in the second half of 2023. Gross redemptions for the first half of 2024 increased to US\$865 million from US\$717 million in the second half of 2023, with a net redemptions of US\$400 million (2H 2023: US\$234 million), mainly from our equity and China strategies. During the period, we also recorded positive fund performance of US\$298 million.



Financial review

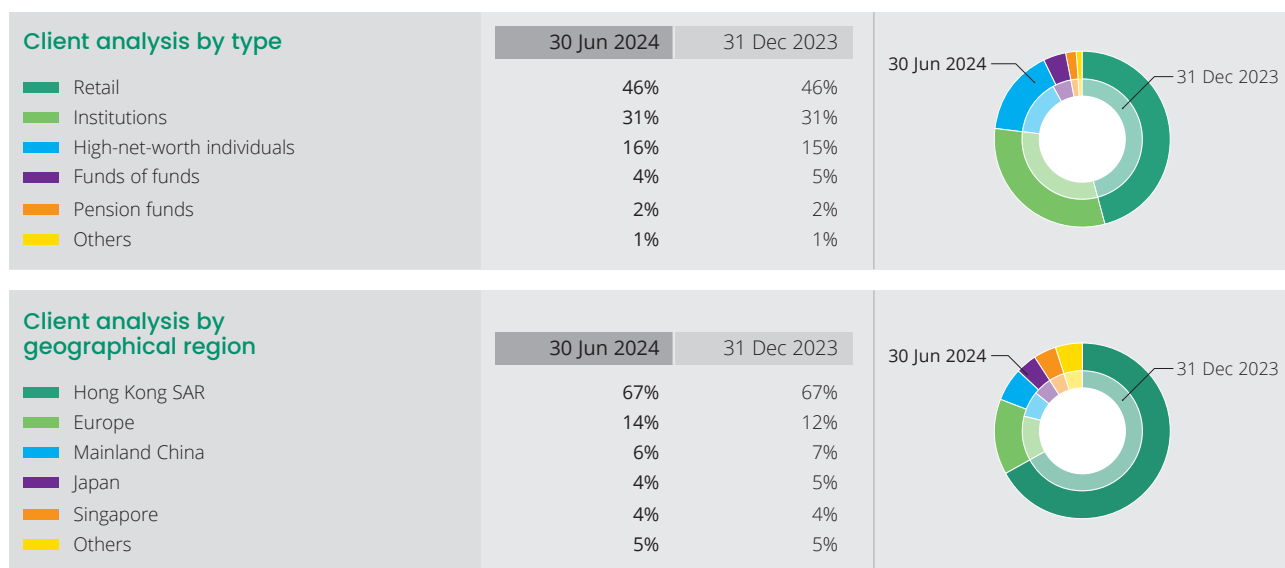
AUM by category

The charts below show breakdowns of the Group's AUM as at 30 June 2024 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 (71%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (14%), in which the Value Partners Greater China High Yield Income Fund was the largest contributor.



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 the total AUM (31 December 2023: same). Meanwhile, retail clients contributed 46% of the total AUM (31 December 2023: same). In terms of geographic location, Hong Kong SAR clients continued to be the largest segment, contributing 67% of the Group's AUM (31 December 2023: same). The share of AUM contributed by clients in Europe increased to 14% (31 December 2023: 12%), while mainland China dropped slightly to 6% (31 December 2023: 7%).

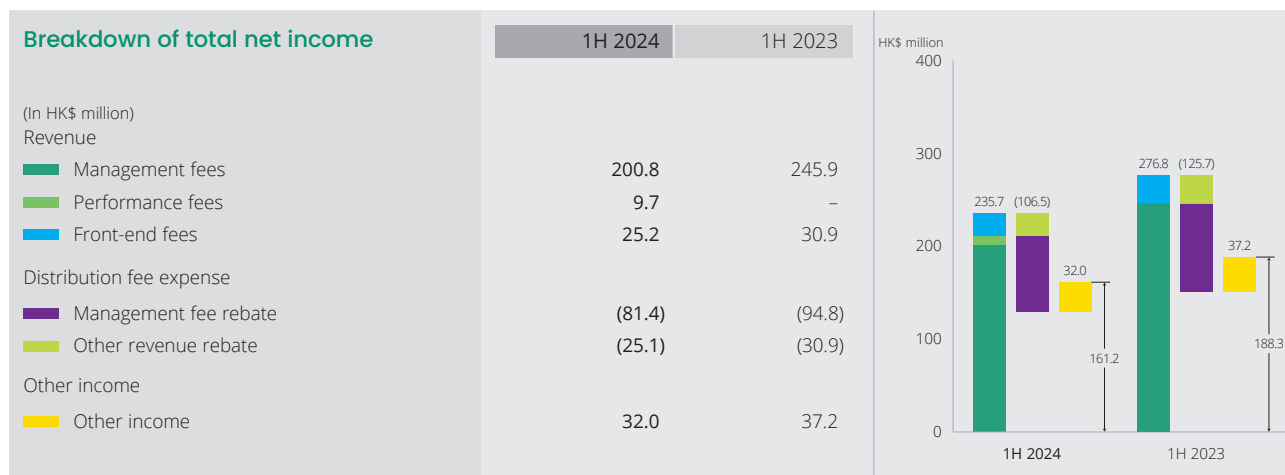


Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	1H 2024	1H 2023	% Change
Total revenue	235.7	276.8	-14.8%
Gross management fees	200.8	245.9	-18.3%
Gross performance fees	9.7	-	
Operating profit/(loss) (before other gains/losses)	0.6	(3.0)	+120.0%
Profit attributable to owners of the Company	37.4	4.9	+663.3%
Basic earnings per share (HK cents)	2.0	0.3	+566.7%
Diluted earnings per share (HK cents)	2.0	0.3	+566.7%
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\$37.4 million for the six months ended 30 June 2024 (1H 2023: HK\$4.9 million).

The drop in total revenue was due to the reduced gross management fees, the Group's largest revenue contributor, which dropped by 18.3% to HK\$200.8 million (1H 2023: HK\$245.9 million) with the decrease in the Group's average AUM to US\$5,373 million (1H 2023: US\$ 6,278 million). Performance fees amounted to HK\$9.7 million (1H 2023: Nil) for the current period as the return of one fund has surpassed its previous high watermarks as of the end of June. Performance fees are generated when eligible funds, at their performance fee crystallization dates, report returns exceeding their high watermarks for the respective period up to the crystallization date.

During the period, our annualized gross management fee margin decreased to 98 basis points (1H 2023: 102 basis points), given the higher portion of income-themed products with a lower fee margin such as our money market fund, etc. Our annualized net management fee margin decreased to 59 basis points (1H 2023: 63 basis points), while our management fee rebates for distribution channels decreased to HK\$81.4 million (1H 2023: HK\$94.8 million).

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\$32.0 million (1H 2023: HK\$37.2 million).

Financial review

Other gains or losses

(In HK\$ million)	1H 2024	1H 2023
Net gains/(losses) on investments		
Net realized gains/(losses) on financial assets at fair value through profit or loss	13.3	(7.8)
Net unrealized gains on financial assets at fair value through profit or loss	94.8	17.0
Fair value loss of an investment property	-	(3.9)
Net foreign exchange losses	(17.6)	(9.1)
Gains on disposal of a subsidiary	1.0	-
Gains on disposal of property, plant and equipment	0.5	-
Other gains/(losses) – net	92.0	(3.8)

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 increase in other gains from the same period in the prior year was mainly due to valuation gains in our proprietary alternative investments and high-yield income fund.

Investments in joint ventures

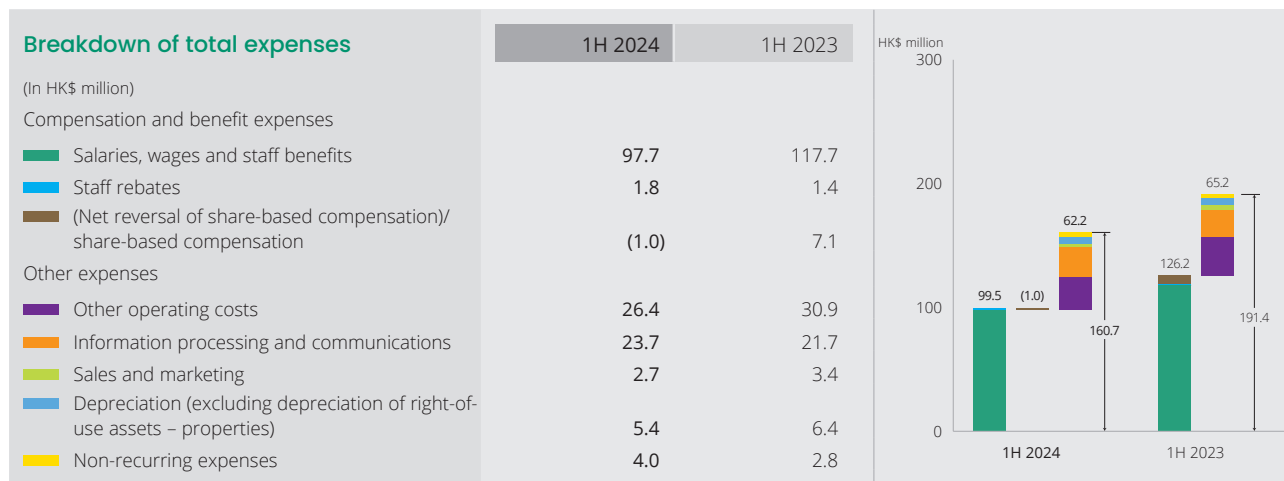
In 2017, the Group set up Value Partners Asia Pacific Real Estate Limited Partnership⁷ (the “Real Estate Partnership”) to engage in real estate private equity business. As at 30 June 2024 and 31 December 2023, the Real Estate Partnership held four logistic centers located in Japan, two commercial property projects located in Australia and seven logistics centers located in Italy through four joint ventures. The Group’s share of losses amounted to HK\$46.0 million (1H 2023: a gain of HK\$17.3 million), which was attributable to the rental income less outgoings, fair value changes of the properties and foreign exchange differences for the six months ended 30 June 2024 and 2023.

Significant investments

As at 30 June 2024, the Group held 9,981,524 units (31 December 2023: 12,621,950 units) or 20.3% (31 December 2023: 28.5%) 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 12.2% (31 December 2023: 11.6%) of the Group’s total assets with a fair value of HK\$460.3 million (31 December 2023: HK\$540.5 million) and a cost of HK\$328.0 million (31 December 2023: HK\$420.3 million), are for alignment of investors’ interests and investment returns. For the period ended 30 June 2024, the Group recorded a net unrealized investment gain of HK\$12.1 million (31 December 2023: HK\$65.6 million) and a net realized investment gain of HK\$37.4 million (31 December 2023: Nil) with respect to such investments.

As at 30 June 2024, the Group held 3,095,908 units (31 December 2023: 4,293,489 units) in Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund⁷ (“ICAV – GCHY Bond Fund”), which represents 22.1% (31 December 2023: 20.3%) of the net asset value of Value Partners Ireland Fund ICAV. The 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 6.8% (31 December 2023: 6.8%) of the Group’s total assets with a fair value of HK\$255.3 million (31 December 2023: HK\$319.0 million) and a cost of HK\$252.6 million (31 December 2023: HK\$350.5 million), are primarily seed capital investment and also for investment returns. For the period ended 30 June 2024, the Group received dividends amounting to HK\$0.3 million (31 December 2023: HK\$0.5 million) and recorded a net unrealized investment gain of HK\$34.2 million (31 December 2023: HK\$12.0 million) and a net realized investment loss of HK\$3.8 million (31 December 2023: HK\$2.4 million) with respect to such investments.

Cost management



Compensation and benefit expenses

During the period, salaries, wages and staff benefits decreased by 17.0% to HK\$97.7 million (1H 2023: HK\$117.7 million).

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

The staff of Value Partners is entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group. Staff rebates for the period amounted to HK\$1.8 million (1H 2023: HK\$1.4 million).

During the period, the Group recorded a reversal of share-based compensation of HK\$1.0 million (1H 2023 share-based compensation expense: HK\$7.1 million), which were related to stock options granted to employees. This 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\$50.1 million for the period (1H 2023: HK\$52.6 million), while sales and marketing expenses decreased slightly to HK\$2.7 million (1H 2023: HK\$3.4 million). Non-recurring expenses mainly represented one-off expenditures on write-off of certain fee receivables, reimbursement of fund expenditures and merger and acquisition related costs.

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.

Financial review

Dividends

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

The Board of Directors declared a special dividend of HK\$0.5 per share to shareholders in December 2023 after considering the Group's cash-rich position and accumulated earnings over the years. The special dividend was paid on 23 January 2024.

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 2024, the Group's balance sheet and cash flow positions remained strong, with a net cash balance of HK\$922.4 million (31 December 2023: HK\$1,558.9 million). Other than relevant borrowings pledged with property asset by the Real Estate Partnership of HK\$72.0 million (31 December 2023: HK\$73.9 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 13.4 times (31 December 2023: 1.9 times).

Capital structure

As at 30 June 2024, the Group's shareholders' equity and total number of shares issued were HK\$3,570.1 million (31 December 2023: HK\$3,542.7 million) and 1.83 billion shares (31 December 2023: same), 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: 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023: +4.1%; 2024 (Year to date as at 30 June): +11.2%.
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 Greater China High Yield Income Fund (Class P USD Acc) over the past five years: 2019: +9.4%; 2020: -0.3%; 2021: -22.5%; 2022: -30.2%; 2023: +4.3%; 2024 (Year to date as at 30 June): +11.7%.
5. Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022: -28.1%; 2023: -5.0%; 2024 (Year to date as at 30 June): +5.4%.
6. Annual calendar returns of Value Gold ETF over the past five years: 2019: +17.7%; 2020: +23.1%; 2021: -3.6%; 2022: -0.8%; 2023: +13.5%; 2024 (Year to date as at 30 Jun): +12.6%.
7. 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.

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 16 to 41, 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 2024 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 selected explanatory 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, 15 August 2024

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 Unaudited	2023 HK\$'000 Unaudited
Income			
Fee income	6	235,751	276,785
Distribution fee expenses		(106,491)	(125,693)
Net fee income		129,260	151,092
Other income	7	32,038	37,253
Total net income		161,298	188,345
Expenses			
Compensation and benefit expenses	8	(98,528)	(126,223)
Operating lease rentals		(3,372)	(3,293)
Depreciation of right-of-use assets – properties		(7,501)	(8,312)
Other expenses		(51,295)	(53,552)
Total expenses		(160,696)	(191,380)
Operating profit/(loss) (before other gains/losses)		602	(3,035)
Net gains on investments		108,140	9,164
Fair value loss of an investment property	14,20	–	(3,916)
Net foreign exchange losses		(17,636)	(9,077)
Gains on disposal of a subsidiary	26	965	–
Others		550	–
Other gains/(losses) – net	9	92,019	(3,829)
Operating profit/(loss) (after other gains/losses)		92,621	(6,864)
Finance costs		(4,318)	(3,298)
Share of (losses)/gains on joint ventures	16,20	(45,965)	17,260
Profit before tax		42,338	7,098
Tax expense	10	(4,973)	(2,218)
Profit for the period attributable to owners of the Company		37,365	4,880
Other comprehensive loss for the period – Item that may be subsequently reclassified to profit or loss			
Foreign exchange translation		(8,930)	(9,924)
Total comprehensive income/(loss) for the period attributable to owners of the Company		28,435	(5,044)
Earnings per share attributable to owners of the Company (HK cents per share)			
Basic earnings per share	12	2.0	0.3
Diluted earnings per share	12	2.0	0.3

The notes on pages 20 to 41 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated balance sheet

As at 30 June 2024

	Note	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Non-current assets			
Property, plant and equipment	13	149,516	156,232
Right-of-use assets		38,681	46,153
Investment property	14,20	187,576	191,080
Intangible assets	15	11,428	12,728
Investments in joint ventures	16,20	512,565	606,068
Investment in an associate	17	1,009	–
Deferred tax assets		3,593	3,414
Investments	17,18	1,575,035	1,746,875
Other assets		7,278	7,293
		2,486,681	2,769,843
Current assets			
Investments	18	179,879	179,442
Fees receivable	21	46,927	56,325
Tax receivable		553	35
Deposits for purchase of investments	22	27,002	26,967
Amounts receivable on sales of investments		74,233	42,953
Prepayments and other receivables		23,318	26,254
Cash and cash equivalents	23	922,361	1,558,885
Investments held-for-sale	19	–	17,378
		1,274,273	1,908,239
Current liabilities			
Distribution fee expenses payable	25	45,229	46,381
Dividend payable		–	913,355
Other payables and accrued expenses		35,228	52,436
Lease liabilities		13,306	14,454
Borrowing	20	1,149	1,170
Investments held-for-sale	19	–	784
		94,912	1,028,580
Net current assets		1,179,361	879,659
Non-current liabilities			
Other payables and accrued expenses		705	2,399
Borrowing	20	70,891	72,703
Lease liabilities		24,307	31,702
		95,903	106,804
Net Assets		3,570,139	3,542,698
Equity			
Equity attributable to owners of the Company			
Issued equity	24	1,326,832	1,326,832
Other reserves		49,591	61,998
Retained earnings		2,193,716	2,153,868
Total equity		3,570,139	3,542,698

The notes on pages 20 to 41 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 2024

	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 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	24	-	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
Unaudited					
As at 1 January 2024		1,326,832	61,998	2,153,868	3,542,698
Profit for the period		-	-	37,365	37,365
Other comprehensive loss					
Foreign exchange translation		-	(8,930)	-	(8,930)
Total comprehensive income/(loss)		-	(8,930)	37,365	28,435
Transactions with owners					
Net reversal of share-based compensation	24	-	(994)	-	(994)
Transfer of share-based compensation reserve upon exercise, forfeiture or expiry of share options		-	(2,483)	2,483	-
Total transactions with owners		-	(3,477)	2,483	(994)
As at 30 June 2024		1,326,832	49,591	2,193,716	3,570,139

The notes on pages 20 to 41 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net cash used in operations	(20,225)	(66,547)
Interest received	19,702	25,918
Tax (paid)/received	(5,669)	94,653
Net cash (used in)/generated from operating activities	(6,192)	54,024
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(102)	(319)
Purchase of investments	(96,630)	(220,592)
Disposal of investments	319,471	66,460
Disposal of a subsidiary	4,528	–
Return of capital from investments	34,758	19,550
Dividends received from investments	5,366	1,759
Net change in shareholders' loans on joint ventures	31,104	8,647
Net cash generated from/(used in) investing activities	298,495	(124,495)
Cash flows from financing activities		
Dividends paid	(913,355)	(62,108)
Principal elements of lease payments	(10,012)	(10,305)
Repayment of principals of borrowing	(574)	(582)
Interest expense on borrowing	(2,897)	(2,709)
Net cash used in financing activities	(926,838)	(75,704)
Net decrease in cash and cash equivalents	(634,535)	(146,175)
Net foreign exchange (losses)/gains on cash and cash equivalents	(1,989)	846
Cash and cash equivalents at beginning of the period	1,558,885	1,666,461
Cash and cash equivalents at end of the period	922,361	1,521,132

The notes on pages 20 to 41 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 2024

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 15 August 2024.

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 2024 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 2023, 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 2023. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

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 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Investments (Note 18)								
Listed securities	593,866	732,079	594	1,046	-	-	594,460	733,125
Unlisted securities								
Equity securities	-	-	-	-	7,810	5,200	7,810	5,200
Investment funds	-	-	1,121,609	1,121,500	31,035	66,492	1,152,644	1,187,992
Sub-total	593,866	732,079	1,122,203	1,122,546	38,845	71,692	1,754,914	1,926,317

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted bid prices (or net asset values) 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 2024

4 Fair value estimation (continued)

The following table represents the movement in level 3 instruments.

	Period ended 30 June 2024			Year ended 31 December 2023			
	Unlisted securities – investment funds	Unlisted securities – equity security	Total	Listed securities	Unlisted securities – investment funds	Unlisted securities – equity securities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
As at 1 January	66,492	5,200	71,692	4,668	108,395	1,034	114,097
Addition	-	2,610	2,610	-	8,911	5,220	14,131
Transfer	-	-	-	(4,668)	-	-	(4,668)
Return of capital	(34,758)	-	(34,758)	-	(48,974)	-	(48,974)
Disposal	-	-	-	-	-	(965)	(965)
Losses recognized in profit or loss and included in net gains on investments	(699)	-	(699)	-	(1,840)	(89)	(1,929)
As at 30 June 2024/ 31 December 2023	31,035	7,810	38,845	-	66,492	5,200	71,692
Change in unrealized losses for level 3 instruments held at period/year end and included in profit or loss and net gains on investments	(699)	-	(699)	-	(1,840)	(89)	(1,929)

As at 30 June 2024, the level 3 instruments include three investment funds and two unlisted equity securities (Note 18). As at 31 December 2023, the level 3 instruments include three 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 2024 and 31 December 2023, the investment funds were stated with reference to the net asset value provided by the respective administrators of the investment funds.

During the year ended 31 December 2023, there was a transfer from level 3 to level 2 of a suspended listed security of HK\$4,668,000 in the fair value measurement hierarchy due to resumption of listing of that suspended listed security.

During the period ended 30 June 2024, the addition of HK\$2,610,000 represented a capital contribution to an existing unlisted equity security of HK\$2,610,000. During the year ended 31 December 2023, the addition of HK\$14,131,000 represented a capital contribution to an existing private equity fund of HK\$313,000 and capital contributions to one new investment fund of HK\$8,598,000 and one new unlisted equity security of HK\$5,220,000.

During the period ended 30 June 2024, there was return of capitals from two unlisted investment funds of HK\$34,758,000. During the year ended 31 December 2023, there was a return of capital from an unlisted investment fund of HK\$48,974,000.

During the year ended 31 December 2023, the disposal of HK\$965,000 represents the disposal of an existing investment fund.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

4 Fair value estimation (continued)

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

As at 30 June 2024, the unlisted equity security of HK\$7,810,000 was valued at its recent transaction cost. As at 31 December 2023, the unlisted equity security of HK\$5,200,000 was valued at its recent transaction cost.

The maturities of fees receivable, deposits for purchase of investments, amounts receivable on sales of investments, other receivables, deposits with brokers, 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 2024 and 31 December 2023. 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 2024

6 Revenue

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Management fees	200,789	245,927
Performance fees	9,748	–
Front-end fees	25,214	30,858
Total fee income	235,751	276,785

7 Other income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income from cash and cash equivalents	16,865	21,168
Interest income from financial assets at fair value through profit or loss	2,256	2,233
Dividend income from financial assets at fair value through profit or loss	5,366	4,539
Rental income from an investment property	6,073	5,793
Others	1,478	3,520
Total other income	32,038	37,253

8 Compensation and benefit expenses

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Salaries, wages and other benefits	95,840	114,357
Pension costs	3,682	4,753
(Net reversal of share-based compensation)/share-based compensation (Note 24)	(994)	7,113
Total compensation and benefit expenses	98,528	126,223

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

9 Other gains/(losses) – net

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Net gains/(losses) on investments		
Net realized gains/(losses) on financial assets at fair value through profit or loss	13,309	(7,853)
Net unrealized gains on financial assets at fair value through profit or loss	94,831	17,017
Fair value loss of an investment property	–	(3,916)
Gains on disposal of a subsidiary (Note 26)	965	–
Gains on disposal of property, plant and equipment	550	–
Net foreign exchange losses	(17,636)	(9,077)
Total other gains/(losses) – net	92,019	(3,829)

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 2024 at the rate of approximately 16.5% (2023: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current tax		
Hong Kong profits tax	336	2
Overseas tax	5,556	2,455
Adjustments in respect of prior years	(740)	–
Total current tax	5,152	2,457
Deferred tax		
Origination and reversal of temporary differences	(179)	(239)
Total tax expense	4,973	2,218

11 Dividends

Special dividend of HK\$913,355,000 declared by the Company was related to the year ended 31 December 2023 and HK\$913,355,000 was paid on 23 January 2024. 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. No interim dividend was proposed by the Board of Directors for the six months ended 30 June 2024 (2023: Nil).

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

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\$37,365,000 (2023: HK\$4,880,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,826,710,000 (2023: 1,826,710,000). 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 (2023: 1,826,710,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

13 Property, plant and equipment

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Opening net book amount	156,232	167,848
Additions	102	958
Depreciation	(4,151)	(9,521)
Exchange differences	(2,667)	(3,053)
Closing net book amount	149,516	156,232

14 Investment property

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Beginning of the period/year	191,080	197,608
Fair value loss	-	(3,838)
Foreign exchange translation	(3,504)	(2,690)
End of the period/year	187,576	191,080

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 2024 and 31 December 2023.

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 2024

15 Intangible assets

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Opening net book amount	12,728	15,689
Additions	–	28
Amortization	(1,288)	(2,971)
Exchange differences	(12)	(18)
Closing net book amount	11,428	12,728

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 2024 Unaudited	31 December 2023 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%	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 2024 and 31 December 2023, Value Investing Group Company Limited has a beneficial interest in a trust which owns four logistic centers located in Japan.

As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023, 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.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

16 Investments in joint ventures (continued)

As at 30 June 2024 and 31 December 2023, Golden Partners Investment Limited has a 50% beneficial interest in Cromwell Italy Urban Logistics Fund which owns seven logistics assets in Italy.

During the year ended 31 December 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 which owns seven logistics assets in Italy, with a total investment amount of EUR13.1 million (equivalent to HK\$112 million) through the subscription of 50% units in Cromwell Italy Urban Logistics Fund.

There are no investments or activities for VP-ZACD Holding Pte. Ltd. for the period ended 30 June 2024 (year ended 31 December 2023: Nil).

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

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Investments in joint ventures		
Beginning of the period/year	227,457	208,752
Share of (losses)/gains of joint ventures	(45,965)	25,008
Exchange differences	(4,955)	(6,303)
	176,537	227,457
Shareholders' loans included in investments in joint ventures		
Beginning of the period/year	378,611	337,006
Addition of shareholders' loans (note a)	-	61,275
Net change in shareholders' loans (note b)	(31,104)	(14,464)
Exchange differences	(11,479)	(5,206)
	336,028	378,611
End of the period/year	512,565	606,068

(a) During the year ended 31 December 2023, the Real Estate Partnership made a contribution of shareholders' loan of EUR7 million (equivalent to HK\$61.3 million) to Golden Partners Investment Limited.

(b) During the period ended 30 June 2024, the Real Estate Partnership received repayments of shareholders' loans of AUD0.6 million (equivalent to HK\$3.1 million) (31 December 2023: AUD2.6 million (equivalent to HK\$13.3 million)), JPY496.0 million (equivalent to HK\$25.6 million) (31 December 2023: JPY20.0 million (equivalent to HK\$1.2 million)) and EUR0.3 million (equivalent to HK\$2.4 million) (31 December 2023: Nil) from Clear Miles Hong Kong Limited, Value Investing Group Company Limited and Golden Partners Investment Limited respectively.

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

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

17 Investments in associates

Investment in an associate using equity method

The Group has interests in a company that give the Group significant influence but not control. Such investment was recorded using equity method. Details of the associate are summarized as follows:

	Place of incorporation	Interest held	
		30 June 2024 Unaudited	31 December 2023 Audited
M & A Value Partners Asset Management Malaysia Sdn. Bhd. (formerly known as "Value Partners Asset Management Malaysia Sdn. Bhd.") ^(a)	Malaysia	25%	100%

Movement in the investment in the associate is as follows:

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Beginning of the period/year	-	-
Addition (Note 26)	1,252	-
Share of losses on an associate	(243)	-
End of the period/year	1,009	-

- (a) During the year ended 31 December 2023, the Group entered into a share sales and purchase agreement with a third party to dispose 75% of its then subsidiary, Value Partners Asset Management Malaysia Sdn. Bhd. (renamed "M & A Value Partners Asset Management Malaysia Sdn. Bhd."). Refer to Note 19 for details. The transaction has been completed on 8 March 2024 and M & A Value Partners Asset Management Malaysia Sdn. Bhd. was recognized as an associate of the Group.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

17 Investments in associates (continued)

Investments in associates measured at fair value

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.

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

Details of investments in associates measured at fair value are summarized as follows:

	Place of incorporation	Interest held	
		30 June 2024 Unaudited	31 December 2023 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 Ireland Fund ICAV ^(a)	Ireland	47%	41%

	Amount held by the Group		Net asset value		Profit/(loss) for the period/year and total comprehensive income/(loss)	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	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	20,961	56,000	71,267	190,399	(2,090)	(727)
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership	2,870	2,867	5,476	5,570	3	10
Value Partners Ireland Fund ICAV ^(a)	545,985	652,042	1,155,990	1,575,151	(69,350)	(88,421)
	570,825	710,909	1,236,652	1,771,120	(71,592)	(89,138)

(a) The sub-funds under Value Partners Ireland Fund ICAV are considered as an associate in an aggregate basis. The sub-funds included: Value Partners Asia Ex-Japan Equity Fund, Value Partners Asian Dynamic Bond 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 28.3.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

18 Investments

Investments include the following:

	Financial assets at fair value through profit or loss	
	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	Unaudited	Audited
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	594	1,046
Debt securities – Hong Kong	178,380	176,130
Investment funds – Hong Kong	404,354	555,949
Investment funds – Malaysia	11,132	–
Market value of listed securities	594,460	733,125
Unlisted securities (by place of incorporation/establishment)		
Equity securities – China	7,810	5,200
Investment funds – Cayman Islands	22,627	60,289
Investment funds – China	29,173	31,761
Investment funds – Hong Kong	441,546	342,584
Investment funds – Ireland	545,984	652,041
Investment funds – United States	113,314	101,317
Fair value of unlisted securities	1,160,454	1,193,192
Representing:		
Non-current	1,575,035	1,746,875
Current	179,879	179,442
Total investments	1,754,914	1,926,317

As at 30 June 2024, HK\$570 million (31 December 2023: HK\$711 million) of investments in associates are classified as “non-current investments” in the interim condensed consolidated balance sheet. Refer to Note 17 for details.

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 2024 and 31 December 2023, except for the consolidated investment fund disclosed in Notes 19 and 20, the Group determined that all of the other investment funds are unconsolidated structured entities. Refer to Note 28.3 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 28.3) and fees receivable as shown in the interim 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 2023: HK\$2,000 to HK\$0.5 billion). The size of the investment funds ranges from US\$81,000 to US\$1.5 billion (31 December 2023: US\$87,000 to US\$1.4 billion). During the period ended 30 June 2024 and year ended 31 December 2023, 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 2024

19 Investments held-for-sale

On 12 October 2023, the Group entered into a share sales and purchase agreement with a third party to dispose 75% of its then subsidiary, Value Partners Asset Management Malaysia Sdn. Bhd (“VPMY”). The transaction was still subject to regulatory approvals and not completed as at 31 December 2023 and the Group classified its interest in the subsidiary as investments held-for-sale. On 8 March 2024, the Group completed the disposal and thereafter VPMY became an associate of the Group and being renamed as M & A Value Partners Asset Management Malaysia Sdn. Bhd. Please refer to Note 26.

	2023 HK\$'000
Non-current assets classified as investments held-for-sale	
Right-of-use assets	413
Investments	11,027
Other assets	156
	<hr/> 11,596
Current assets classified as investments held-for-sale	
Fees receivable	19
Tax receivable	689
Prepayments and other receivables	36
Cash and cash equivalents	5,038
	<hr/> 5,782
Current liabilities classified as investments held-for-sale	
Other payables and accrued expenses	206
Lease liabilities	479
	<hr/> 685
Non-current liabilities classified as investments held-for-sale	
Deferred tax liabilities	76
Lease liabilities	23
	<hr/> 99
Net investments held-for-sale	<hr/> 16,594

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 mainly in the Asia Pacific. As at 30 June 2024 and 31 December 2023, the Group committed US\$128.8 million (equivalent to HK\$1,005 million) capital to the Real Estate Partnership.

As at 30 June 2024, the outstanding investment cost of the Real Estate Partnership was US\$32.4 million (equivalent to HK\$253 million) (31 December 2023: US\$35.7 million, equivalent to HK\$279 million).

On 16 June 2023, a subsidiary of the Group made a capital contribution of US\$6.8 million (equivalent to HK\$53.0 million) to the Real Estate Partnership. There was no undrawn capital commitment in Real Estate Partnership as at 30 June 2024 and 31 December 2023.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

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

As at 30 June 2024 and 31 December 2023, the Group held controlling interest in the Real Estate Partnership and all assets and liabilities of this fund were consolidated within the Group's interim condensed consolidated balance sheet.

	Place of incorporation	Effective interest held			
		30 June 2024 Unaudited		31 December 2023 Audited	
		Directly	Indirectly	Directly	Indirectly
Value Partners Asia Pacific Real Estate Limited Partnership	Cayman Islands	-	100%	-	100%

As at 30 June 2024 and 31 December 2023, the assets and liabilities held by the Real Estate Partnership consolidated within the Group's interim condensed consolidated balance sheet are as follows:

	Underlying investments	Note	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Non-current assets:				
Investments in joint ventures	- Four Japanese logistic centers - Two Australian commercial projects - Seven Italian logistic centers	(i)	512,565	606,068
Investment property	- One New Zealand student accommodation building	(ii)	187,576	191,080
Non-current liability:				
Borrowing		(iii)	(70,891)	(72,703)
Current liability:				
Borrowing		(iii)	(1,149)	(1,170)
Other net assets (current)		(iv)	16,930	13,708
Total			645,031	736,983

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

(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 NZD15,035,000 (equivalent to HK\$72,040,000) (31 December 2023: NZD15,155,000 (equivalent to HK\$73,873,000)) is secured by the student accommodation building located in New Zealand with a fair value of HK\$187,576,000 (31 December 2023: HK\$191,080,000) as the collateral of the borrowing. 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. As at 30 June 2024, the effective interest rate is the sum of the lending bank's bill rate for the interest period plus a margin of 2.43% (31 December 2023: 2.43%) per annum. 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 2024

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 2024 (31 December 2023: 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 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Fees receivable that were past due but not impaired		
1 – 30 days	316	–
31 – 60 days	–	1,061
61 – 90 days	180	409
Over 90 days	117	–
	613	1,470
Fees receivable that were within credit period	46,314	54,855
Total fees receivable	46,927	56,325

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 2024 (31 December 2023: Nil).

22 Deposits for purchase of investments

During the year ended 31 December 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).

As at 30 June 2024, the transactions are still subject to regulatory approvals, the cash consideration of US\$3.5 million (equivalent to HK\$27 million) (31 December 2023: same) which have been deposited to escrow account is recognized as “Deposits for purchase of investments” in the interim condensed consolidated balance sheet.

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

23 Cash and cash equivalents

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Cash at banks and in hand	125,034	148,371
Short-term bank deposits	435,727	864,893
Investments in money market instruments	358,897	544,648
Deposits with brokers	2,703	973
Total cash and cash equivalents	922,361	1,558,885

24 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 2023	1,826,709,831	182,671	2,010,974	(866,813)	1,326,832
As at 31 December 2023	1,826,709,831	182,671	2,010,974	(866,813)	1,326,832
Unaudited					
As at 1 January 2024 and 30 June 2024	1,826,709,831	182,671	2,010,974	(866,813)	1,326,832

As at 30 June 2024, the total authorized number of ordinary shares of the Company was 5,000,000,000 shares (2023: 5,000,000,000 shares) with a par value of HK\$0.1 (2023: 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.

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 2024 and 2023.

The net share-based compensation reversal in the interim condensed consolidated statement of comprehensive income for share options granted to directors and employees during the six months ended 30 June 2024 was HK\$994,000 (Share-based compensation expense for six months ended 30 June 2023: HK\$7,113,000) 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 2024

24 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 2023 and 31 December 2023	4.55	97,959
Unaudited		
As at 1 January 2024	4.55	97,959
Forfeited	3.47	9,250
As at 30 June 2024	4.67	88,709

Out of the 88,709,000 (31 December 2023: 97,959,000) outstanding share options, 88,709,000 (31 December 2023: 89,334,000) options were exercisable as at 30 June 2024 with weighted average exercise price of HK\$4.67 (2023: HK\$4.57). No options were exercised during the six months ended 30 June 2024 (year ended 31 December 2023: 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 2024 Unaudited	31 December 2023 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

The measurement dates of the share options were 11 March 2022, 12 March 2021, 23 November 2020, 15 October 2018 and 3 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 2024

25 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 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
0 – 30 days	40,612	41,089
31 – 60 days	–	678
Over 90 days	4,617	4,614
Total distribution fee expenses payable	45,229	46,381

26 Disposal of a subsidiary

During the year ended 31 December 2023, the Group entered into a share sales and purchase agreement with a third party to dispose 75% of its subsidiary, Value Partners Asset Management Malaysia Sdn. Bhd., with a consideration of Malaysian ringgit 2.8 million (equivalent to HK\$4.6 million). Value Partners Asset Management Malaysia Sdn. Bhd. holds a Capital Market Services License for Fund Management issued by the Securities Commission Malaysia.

During the period ended 30 June 2024, the control was transferred and Value Partners Asset Management Malaysia Sdn. Bhd. ceased to be a subsidiary of the Group. Upon the completion of the disposal, the Group retained 25% equity interests in Value Partners Asset Management Malaysia Sdn. Bhd. and it is recognized as "Investment in an associate" in the interim condensed consolidated balance sheet.

	As at the date of cessation of control HK\$'000
Cash consideration received	4,528
Interest in an associate retained subsequent to the disposal	1,252
	5,780
Carry amount of net assets and liabilities in which control was ceased:	
Fees receivable	18
Prepayments and other receivables	1,057
Cash and cash equivalents	5,519
Other payables and accrued expenses	(1,779)
	4,815
Gain on disposal of a subsidiary	965
	5,780

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

26 Disposal of a subsidiary (continued)

The net cash flow in relation of the disposal of Value Partners Asset Management Malaysia Sdn. Bhd. is as follows:

	HK\$'000
Inflow of cash from disposal, net of cash and cash equivalents disposed of	
Cash consideration received	4,528
Less: Cash and cash equivalents disposed of	(5,519)
Net cash outflow - investing activities	(991)

27 Commitments

27.1 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 2024, the future aggregate minimum lease payments only include non-cancellable short-term leases.

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Not later than one year	278	163
Total operating lease commitments	278	163

27.2 Capital commitments

As at 30 June 2024, the Group has unfunded capital commitment in a private equity fund amounted to HK\$91,402,000. As at 31 December 2023, the Group has unfunded capital commitment in a private equity fund amounted to HK\$91,402,000 and an unlisted equity security amounted to HK\$2,600,000.

As at 30 June 2024, the capital commitment contracted to purchase licensed software and hardware but not yet incurred amounted to HK\$5,940,000 (31 December 2023: HK\$7,920,000) with details as below:

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Within 1 year	1,980	1,980
1 – 2 years	1,980	1,980
2 – 3 years	1,980	1,980
3 years or above	–	1,980
	5,940	7,920

Notes to the interim condensed consolidated financial information

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28 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.

28.1 Summary of related-party transactions

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Investment management fee income from a related party of a director	67	65
Consultancy fee expense to a related party of a director	173	161
Distribution fee expense to a related party of a shareholder	34	-

28.2 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	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Salaries, wages and other benefits	9,894	9,193
(Net reversal of share-based compensation)/ share-based compensation	(1,562)	5,095
Pension costs	33	36
Total key management compensation	8,365	14,324

Notes to the interim condensed consolidated financial information

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28 Related-party transactions (continued)

28.3 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 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Consolidated structure entity		
Value Partners Asia Pacific Real Estate Limited Partnership (Note 20)	645,031	736,983
Unconsolidated structured entities		
Shenzhen Capital Value Partners Greater Bay Area Opportunity Limited Partnership Fund	8,500	8,489
Value Gold ETF ^(b)	460,253*	540,511*
Value Partners Asia Fund, LLC ^(a)	327	311
Value Partners Asia Principal Credit Fund Limited Partnership (Note 17)	20,961	56,000
Value Partners Classic Fund ⁽ⁱ⁾	430*	1,126*
Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (Note 17)	6,476	74,500
Value Partners Fund Series – Value Partners All China Bond Fund ^(d)	148,357*	143,238*
Value Partners Fund Series – Value Partners Asian Income Fund ⁽ⁱ⁾	162*	379*
Value Partners Fund Series – Value Partners Asian Innovation Opportunities Fund ^(d)	102,527*	94,048*
Value Partners Fund Series – Value Partners Asian Total Return Bond Fund ^(d)	5,741*	12,832*
Value Partners Fund Series – Value Partners China A-Share Select Fund ⁽ⁱ⁾	177*	471*
Value Partners Fund Series – Value Partners Japan REIT Fund ^(d)	90,436	–
Value Partners Greater China High Yield Income Fund ^(e)	398*	1,228*
Value Partners Hedge Fund Limited ^(a)	2	2
Value Partners High-Dividend Stocks Fund ⁽ⁱ⁾	1,112*	2,064*
Value Partners Intelligent Funds – China Convergence Fund ^(c)	45	46
Value Partners Intelligent Funds – Chinese Mainland Focus Fund ^(d)	199*	1,011*
Value Partners Ireland Fund ICAV – Value Partners Asia Ex-Japan Equity Fund ^{(h)&(i)} (Note 17)	35,484	31,223
Value Partners Ireland Fund ICAV – Value Partners Asian Dynamic Bond Fund ⁽ⁱ⁾ (Note 17)	33,466	33,150
Value Partners Ireland Fund ICAV – Value Partners Asian Food and Nutrition Fund ^(d) (Note 17)	89,596	105,684
Value Partners Ireland Fund ICAV – Value Partners China A Shares Equity Fund ^{(h)&(k)} (Note 17)	33,850	39,856
Value Partners Ireland Fund ICAV – Value Partners China A Shares High Dividend Fund ^(k) (Note 17)	53,031	47,952
Value Partners Ireland Fund ICAV – Value Partners Classic Equity Fund ^(g) (Note 17)	70	67
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund ^(d) (Note 17)	255,331	319,014*

Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2024

28 Related-party transactions (continued)

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

	Fair Value	
	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Value Partners Ireland Fund ICAV – Value Partners Health Care Fund ^(f) (Note 17)	45,157	75,095
Value Partners Multi-Asset Fund ^(d)	29,674	29,364
Value Partners Venture Capital Investment (Shenzhen) Limited Partnership (Note 17)	2,870	2,867
VP-DJ Shariah China A-Shares 100 ETF	11,132	–
外貿信託－惠理滬港深6號	–	854
外貿信託－惠理滬港深證券投資集合資金信託計劃	807	821
外貿信託－惠理滬港深焦點證券投資集合資金信託計劃	1,762	1,911
交銀國信·匯利202號集合資金信託計劃	–	985
惠理中國新時代優選1號私募投資基金	1,004	1,131
惠理中國豐泰1號私募投資基金	–	1,389
惠理中國豐泰3號私募證券投資基金	839	810
惠理中國金鈺1號私募投資基金	–	10*
惠理中國中睿滬港深1號私募證券投資基金	1,032	988
惠理中國安欣價值滬港深1期私募證券投資基金	1,086	1,029
惠理中國景篤私募證券投資基金	4*	45*
惠理中國嘉享1號私募證券投資基金	839	854
華安財保資管安源33號資產管理產品	4,948	4,598
長城財富朱雀長惠一號資產管理產品	5,486	4,981
Total investments in investment funds which are managed/advised by the Group	2,098,602	2,377,917

* 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 USD classes.
- (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.

Other information

Directors' interests in shares, underlying shares and debentures

As at 30 June 2024, 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⁾	180,983,292	9.90%	-	9.90%
	Beneficial	68,939,927	3.77%	1,855,000	3.87%
Mr. SO Chun Ki Louis	Beneficial	6,296,792	0.34%	42,162,000	2.65%
Ms. HUNG Yeuk Yan Renee	Founder of trust ⁽²⁾	6,607,937	0.36%	-	0.36%
	Beneficial	-	-	13,316,000	0.72%
Mr. HO Man Kei, Norman	Beneficial	9,906,099	0.54%	13,316,000	1.27%
Dr. CHEN Shih-Ta Michael	Beneficial	-	-	350,000	0.01%
Mr. WONG Poh Weng	Beneficial	-	-	350,000	0.01%

Notes:

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

(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 2024 are as follows:

Name or category of Grantee	Date of grant ⁽⁴⁾	Exercise period	Exercise price (HK\$)	As at 01/01/2024	Number of Share Options			As at 30/06/2024
					Granted 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
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. 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)&(5)}								
	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
	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
Other⁽⁴⁾								
	23/11/2020	23/05/2022-06/05/2026	4.14	175,000	-	-	-	175,000
		23/11/2023-06/05/2026	4.14	175,000	-	-	-	175,000
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) 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.
- (4) An amount of 350,000 share options were granted to Mr. Nobuo OYAMA on 23 November 2020. Mr. Oyama retired as an Independent Non-executive Director with effect from 7 May 2024, and pursuant to the Scheme, the Board approved to extend the exercise period of Mr. Oyama's share options for two years from the effective date of his retirement.
- (5) An amount of 9,250,000 share options were granted to Ms. June Wong on 11 March 2022. As disclosed in the Company's announcement dated 26 April 2024, Ms. Wong resigned and stepped down as the chief executive officer and an Executive Director of the Company with effect from 26 April 2024, and had served as an advisor to the Board for the remainder of the six months ended 30 June 2024.

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 2024, 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⁾	Spouse	249,923,219	13.68%	1,855,000	13.78%
Mr. YEH V-Nee	Beneficial	160,715,715	8.79%	-	8.79%
Mrs. YEH Mira ⁽²⁾	Spouse	160,715,715	8.79%	-	8.79%
Cheah Capital Management Limited ⁽³⁾	Beneficial	180,983,292	9.90%	-	9.90%
Cheah Company Limited ⁽³⁾	Corporate	180,983,292	9.90%	-	9.90%
Zedra Jersey Nominee Company Limited ⁽³⁾	Nominee	180,983,292	9.90%	-	9.90%
Zedra Jersey Trust Corporation Limited ⁽³⁾	Trustee	180,983,292	9.90%	-	9.90%
GF Securities Co., Ltd. ⁽⁴⁾	Corporate	366,000,000	20.04%	-	20.04%
GF Holdings (Hong Kong) Corporation Limited ⁽⁴⁾	Beneficial	366,000,000	20.04%	-	20.04%

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, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for Zedra 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 is Zedra SA.
- (4) GF Holdings (Hong Kong) Corporation Limited is wholly owned by GF Securities Co., Ltd., a joint stock company incorporated in the People's Republic of China.

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 2024 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 2024 (six months ended 30 June 2023: Nil).

Foreign exchange

As at 30 June 2024, other than the Renminbi-denominated bank deposits of approximately HK\$219 million (30 June 2023: HK\$637 million), 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 2024, the Group employed 125 staff (30 June 2023: 141) in Hong Kong SAR, 22 staff (30 June 2023: 34) in Shanghai, 5 staff (30 June 2023: 5) in Shenzhen, 9 staff (30 June 2023: 8) in Singapore, 2 staff (30 June 2023: 2) in London and no staff (30 June 2023: 5) 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 (including sale of treasury shares) during the six months ended 30 June 2024.

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 2024.

Other information

Independent review of interim results

The unaudited interim results of the Group for the six months ended 30 June 2024 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 has complied with the code provisions of the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2024. In respect of code provision C.2.1 of the Corporate Governance Code, after the resignation of Ms. June Wong as chief executive officer with effect from 26 April 2024, the roles of chairman and chief executive are taken up by the Leadership Committee, comprising Dato' Seri CHEAH Cheng Hye and Mr. SO Chun Ki Louis who are also the Co-Chairmen. In view of the nature of the Group's business, the chairman and chief executive must have a deep understanding of asset management operations in order to lead the Group in developing prompt response to market changes. Further, all major decisions of the Company have been made in consultation with the Board, the appropriate board committees and/or senior management of the Group. The Board therefore considers that the current arrangement provides a balance of power and authority and avoids power being concentrated in any one individual which is in line with the stated principle of C.2.1 of the Corporate Governance Code.

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 C3 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 2024.

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.