

17 August 2023

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Annual Report and Financial Statements for the Year Ended 30 June 2023

Regal Asian Investments Limited (ASX:RG8) hereby lodges:

- Appendix 4E for the year ended 30 June 2023; and
- Annual Report for the year ended 30 June 2023, incorporating the Chairman's Letter and Financial Statements.

AUTHORISED FOR RELEASE BY:

Ian Cameron, Company Secretary



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Appendix 4E

for the year ended 30 June 2023

Reporting periods

| | |
|---------------------------|----------------------------|
| Current reporting period | 1 July 2022 - 30 June 2023 |
| Previous reporting period | 1 July 2021 - 30 June 2022 |

Results for announcement to the market

| | 30 June 2023 | Up / down | % Movement |
|---|--------------|-----------|------------|
| Income from ordinary activities | 63,506,415 | Up | large* |
| Profit before tax for the period | 33,648,803 | Up | large* |
| Net profit from ordinary activities after tax | 25,712,722 | Up | large* |

* The positive percentage movement from the previous reporting period is large and accordingly, is not presented.

Dividend information

| | Dividend per share (cents) | Franked amount per share (cents) | Tax rate for franking |
|---|-------------------------------|-------------------------------------|--------------------------|
| Final 2023 dividend declared | 5.00 | 5.00 | 30% |
| Interim 2023 dividend (paid on 29 March 2023) | 5.00 | 5.00 | 30% |

Final dividend dates

| | |
|--|-------------------|
| Ex-date | 24 August 2023 |
| Record date | 25 August 2023 |
| Last election date for dividend reinvestment | 28 August 2023 |
| Payment date | 25 September 2023 |

Dividend reinvestment plan

The Dividend Reinvestment Plan (**DRP**) is in operation for shareholders in the Company and the fully franked dividend of 5.0 cents per share qualifies for the DRP.

| Net tangible assets (NTA) per share | 30 June 2023 | 30 June 2022 | Up / down | % Movement |
|--|--------------|--------------|-----------|------------|
| Pre-tax | \$2.21 | \$2.17 | Up | 1.84 |
| Post-tax excluding deferred tax liabilities / deferred tax assets on unrealised gains / losses | \$2.29 | \$2.22 | Up | 3.15 |
| Post-tax including deferred tax liabilities / deferred tax assets on unrealised gains / losses | \$2.33 | \$2.28 | Up | 2.19 |

Brief explanation of results and Company outlook

Refer to the attached 2023 Annual Report. Additional Appendix 4E disclosure requirements can be found in the notes to the financial statements.



On-market share buy-back

During the year ended 30 June 2023, the Company bought back 19,946,758 shares at a cost of \$40,130,172 (excluding brokerage) (2022: 2,210,927 shares bought back at a cost of \$3,989,059 (excluding brokerage)).

On 18 April 2023, the Company announced the renewal of its on-market buy-back program for a further period of up to 12 months commencing 2 May 2023.

Change of Company Name and Ticker Code

On 24 November 2022, the Company announced the change of the Company's name and ASX ticker code following receipt of shareholder approval at the Company's Annual General Meeting in November 2022.

As part of the change, the name of the Company is now Regal Asian Investments Limited (formerly VGI Partners Asian Investments Limited) and its ASX ticker code is now RG8 (formerly VG8).

The Company believes the change of name appropriately reflects the Company's differentiated market proposition, the recent transition of investment management responsibilities of the portfolio to Regal Funds Management Pty Limited (**Regal**) and the benefits in leveraging Regal's brand and long track record of investing within the Asian region.

Update to Dividend Policy

On 18 August 2022, the RG8 Board announced that it had taken the opportunity to further refine RG8's dividend policy. The Board recognises that the ability to pay regular, stable dividends is a key benefit of the Listed Investment Company structure and has agreed that RG8 will seek to pay dividends on a six-monthly basis, with the payment amount being at least 5.0 cents per half year period. The Board intends for future dividends to be franked to the fullest extent possible and seek to grow this level of dividend payment over time.

Investment Guidelines Updates

On 11 May 2023, the Company announced, following a period of review by the Investment Manager, a refinement and simplification of the Investment Guidelines of the Company.

It is intended that the updated guidelines will better enable the Investment Manager to implement the investment strategy of RG8; these changes took effect from 1 July 2023. See the announcement released on 11 May 2023 on the Company's website: www.vqipartners.com/lics/rg8

Audit

This report is based on the financial report which has been audited by Pitcher Partners. All the documents comprise the information required by Listing Rule 4.3A.

Full Year Financial Report

Year ended 30 June 2023

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Annual General Meeting 2023

Scheduled to be held in November 2023.

Notice of the Annual General Meeting will be forwarded to all Shareholders separately.

Corporate Governance

The Board of Directors of Regal Asian Investments Limited ABN 58 635 219 484 (**RG8** or **the Company**) is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (**CGS**) in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations.

The Company's CGS is available on the Company's website at www.vgipartners.com/lics/rq8.

Letter from the Chairman

Dear Fellow Shareholders,

On behalf of the Board, I would like to thank you for your support for Regal Asian Investments Limited (RG8, the Company) during the 2023 financial year (FY23). The past year has been a notable one for the Company, given that portfolio management responsibilities for RG8 were transitioned to Regal Funds Management Pty Limited (Regal) in June 2022, meaning that FY23 was the first full year under the Regal team and its Chief Investment Officer, Phil King. Pleasingly, shareholders responded positively to the changes to the team and portfolio, with the share price discount to Net Tangible Assets (NTA) closing materially. RG8's net portfolio return for the year was +8.3% which, combined with the reduction in discount, led to a total shareholder return of +22.8% (not including franking credits). The Company's name and ticker were also changed in November 2022 from VGI Partners Asian Investments Limited (ASX:VG8) to Regal Asian Investments Limited (ASX:RG8) following strong shareholder support at the 2022 AGM, with a vote of over 99.6% in favour. Below, I address a number of aspects in more detail.

Investment Performance

In FY23, Regal Asian Investments Limited generated a net portfolio return of +8.3% after all fees with an average net exposure of 64%. In keeping with its investment guidelines, the portfolio is relatively concentrated and not benchmarked against an index but, for context, the MSCI Asia Pacific index (which is fully invested) generated a return of +10.1% in local currency terms over the period. It is also worth observing that there was a significant divergence of returns across Asian markets during FY23, with none more notable than the difference in returns of the two largest contributors to the regional index, China and Japan. For the 12 months to 30 June 2023, the MSCI Japan Index increased +25.7%, while the MSCI China Index declined -16.7%. For more detail on how the investment team navigated this environment and their current views, I encourage you to watch a replay of their most recent webinar in May and read the latest semi-annual investor letter, released earlier this month. Both the webinar and letter can be found on the Company's website, www.vgipartners.com/lics/rg8.

Financial Highlights

As a result of the net portfolio return described above, the Company reported a net profit after tax in FY23 of \$25.7 million, resulting in earnings per share of 12.3 cents. On 30 September 2022, the Company paid a 51% franked final dividend relating to the FY22 year of 5 cents per share (\$10.9m) and, on 29 March 2023, the Company paid a fully franked interim FY23 dividend, which was also 5 cents per share (amounting to \$10.2m). These dividends were in line with the Company's announcement in August 2022 that it had elected to refine its dividend policy to one that targets a dividend of at least 5 cents per share each six months. This approach has been maintained for the FY23 full year, with the Company announcing today a fully franked final dividend of 5 cents per share. Total dividends declared for FY23 of 10 cents per share, fully franked, represent a net dividend yield of 4.8% (when based on the 30 June 2023 share price) and a grossed-up yield of 6.8% (when accounting for the benefits of franking).

The record date for the current dividend is 25 August 2023 and it is due to be paid on 25 September 2023. The Dividend Reinvestment Plan (DRP) is in operation and the Company encourages all eligible shareholders to consider participating (noting elections are due by 5pm (AEST) on 28 August 2023 for those who have not already registered). It is expected that the shares to be allocated under the DRP will be bought on-market.

As many shareholders would be aware, the ability of RG8 to pay dividends in a consistent manner is assisted by its Listed Investment Company (LIC) structure. A feature of LICs is the ability to allocate undistributed profits to a profits reserve, in effect setting them aside for the payment of future dividends and aiding the ability to provide a steady income stream to shareholders. At 30 June 2023, the Company's profits reserve was \$89.3m (44.9c per share based on the current shares outstanding, or 39.9c per share after adjusting for the payment of the dividend just declared).

RG8's Performance as a LIC

During FY23, the share price of RG8 rose 16.76% from \$1.79 to \$2.09 and 10c per share of dividends were paid, resulting in a total shareholder return of +22.76%¹. It was pleasing to see the discount to NTA reduce materially during this time, improving from 19% at the start of the year to 9% by 30 June 2023. While closing a discount is never an exact science, Regal's philosophy is that three key pillars need to be in place for shareholders to support a LIC. These pillars are centred around (1) investment performance; (2) investor engagement and communication and (3) capital management initiatives; and the Regal team and the RG8 Board are both working to ensure positive outcomes are delivered across all of these areas. In particular, many RG8 shareholders have provided feedback to us that they have been pleased with the changes that have taken place at RG8 in the last year (since the merger of Regal with VGI Partners) and that the experience of Regal's team (both in investing and distribution/operations) has given these investors the confidence to either retain their RG8 shares or increase their investment.

An illustration of Regal's impact on the portfolio was the recent decision to refine the investment guidelines of the portfolio, which became effective on 1 July 2023. The most notable change was the increase in RG8's gross exposure limit from 150% to 200% (while maintaining a net exposure limit of 100%). The investment team believes this change will provide additional flexibility in managing the portfolio and allow additional investment opportunities to be pursued.

On the topic of capital management, shareholders may recall that the Company launched a buy-back in 2022, which became active in May of that year. Approximately 2.2 million shares were purchased for around \$4 million between then and 30 June 2022, and 19.9 million shares (\$40.1m) were bought back in FY23. A further 1.6 million shares have been purchased between 1 July 2023 and today. In total, these 23.8 million shares represent over 10% of RG8's issued shares having been bought back since the program began. It is also worth noting that RG8's Board renewed the buy-back earlier this year, meaning the current approval extends to May 2024.

Update on Regal Partners Limited

The past 12 months has been an active period for Regal Partners Limited (ASX:RPL) (the parent of RG8's manager). It is not my place to provide a detailed commentary on this, as interested parties can review RPL's ASX announcements directly. However, I feel it is useful to highlight a couple of points.

RPL has stated that it has an ambition to be the leading manager of alternative assets in Australia and Asia. RPL has noted that the merger in June 2022 between Regal Funds Management and VGI Partners created a manager that has approximately \$5.8bn of funds under management (as at 30 June 2023) and currently has over 50 investment professionals, providing scale and other benefits to investors in funds managed by the Regal Partners Limited group. Since then, RPL has announced a couple of additional potential corporate transactions. These do not directly impact the provision of services to RG8. However, there may be indirect benefits for RG8 over time if RPL achieves greater scale and expands its distribution networks and client base. There is also the possibility that collaboration between investment teams can occur. An example of this is RPL's recent acquisition of East Point Asset Management (EPAM) in Hong Kong.

In relation to governance, I note that RG8 Director, David Jones, stepped down from the RPL Board in May this year.

¹ Based on monthly compounded returns with dividends reinvested.

Shareholder Engagement

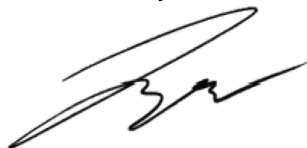
During FY23, the Company held a number of briefings by webinar where the Regal investment team provided information on key holdings in the portfolio and answered investor questions. The Regal investment team was very pleased with the level of engagement and insightful queries. As mentioned above, I encourage shareholders to read the latest investor letter, which was released on 10 August 2023 and available at www.vgipartners.com/lics/rg8.

Looking forward, the Regal team has further webinars and briefings planned, with details to be released as appropriate. In addition, the RG8 Annual General Meeting is scheduled to be held in November 2023. Full details will be available in the Notice of Meeting, which will be sent to shareholders closer to the meeting date.

Finally, to ensure that you receive all RG8 updates, we encourage you to elect to receive all investor communications by email. This can be done through InvestorServe (the portal of RG8's registry, Boardroom) or by submitting the relevant forms to Boardroom. Please contact the RG8 Investor Relations team at +61 2 9237 8923 or investorrelations@regalpartners.com if you require assistance, have questions about your investment or wish to provide any feedback.

In closing, thank you again for your ongoing interest and support for RG8.

Yours sincerely,



Lawrence Myers
Independent Chairman
Sydney
16 August 2023

Directors' Report

For the year ended 30 June 2023

The Directors of Regal Asian Investments Limited (**the Company** or **RG8**) present their Directors' report together with the Financial Report of the Company for the year ended 30 June 2023. The Company is limited by shares and is incorporated in Australia and quoted on the Australian Securities Exchange (**ASX**) (ticker code: RG8).

Directors

The following persons were Directors of the Company during the whole of the financial year end and up to the date of this report, unless otherwise stated:

| Name | Position | Date appointed |
|---------------------|----------------------|-----------------------|
| Lawrence Myers | Independent Chairman | 31 July 2019 |
| Adelaide H McDonald | Independent Director | 31 August 2019 |
| William F Brown | Independent Director | 31 August 2019 |
| David F Jones AM | Director | 25 September 2020 |

Principal Activity

The principal activity of the Company is to provide shareholders with access to a concentrated portfolio, predominantly comprised of long investments and short positions in listed securities focusing on the Asian region; and the investment expertise of the Investment Manager, Regal Partners (**the Manager**).

There have been no significant changes in the nature of this activity during the period.

Dividends

Since the end of the year, the Directors have declared a fully franked dividend of 5.0 cents per share, which will be paid on 25 September 2023. The dividend qualifies for the Company's Dividend Reinvestment Plan (**DRP**).

On 18 August 2022, the RG8 Board announced that it had taken the opportunity to further refine RG8's dividend policy. The Board recognises that the ability to pay regular, stable dividends is a key benefit of the Listed Investment Company structure and has agreed that RG8 will seek to pay dividends on a six-monthly basis, with the payment amount being at least 5.0 cents per share per half year period. The Board intends for future dividends to be franked to the fullest extent possible and seek to grow this level of dividend payment over time.

The balance of the profits reserve (from which dividends will be paid) as of 30 June 2023 is \$89,327,191.

Dividends paid or declared during the year are as follows:

| | \$ |
|--|-------------------|
| Interim 2023 dividend of 5.0 cents per share paid on 29 March 2023 | 10,184,031 |
| Final 2022 dividend of 5.0 cents per share paid on 30 September 2022 | 10,874,645 |
| Total | 21,058,676 |

Please refer to Appendix 4E and Note 14 for further information.

Review of Operations

Investment operations during the year resulted in an operating profit before tax of \$33,648,803 (2022: operating loss before tax of \$119,166,594) and an operating profit after tax of \$25,712,722 (2022: operating loss after tax of \$83,747,702).

For the financial year, the Company's post-tax net tangible assets (**NTA**)¹ increased 3.1% after all fees and excluding the benefit of dividends declared and paid during the year of 10.0 cents per share (2022: decrease in NTA of 21%). Further information on the financial highlights of the Company is contained in the Letter from the Chairman.

For the year ended 30 June 2023, which also marked the first anniversary for RG8 under the management of Regal Funds Management, the net portfolio return was +8.3% (2022: (19.3%)). It was pleasing to see RG8's share price discount to NTA close materially during the year, and combined with positive portfolio performance, returned RG8 shareholders a share price return of 22.8% over the year ended 30 June 2023.

Change of Company Name and Ticker Code

On 24 November 2022, the Company announced the change of the Company's name and ASX ticker code following receipt of shareholder approval at the Company's Annual General Meeting in November 2022.

As part of the change, the name of the Company is now Regal Asian Investments Limited (formerly VGI Partners Asian Investments Limited) and its ASX ticker code is now RG8 (formerly VG8).

The Company believes the change of name appropriately reflects the Company's differentiated market proposition, the recent transition of investment management responsibilities of the portfolio to Regal Funds Management Pty Limited (**Regal**) and the benefits in leveraging Regal's brand and long track record of investing within the Asian region.

Costs paid by the Manager

The Manager continues to show strong alignment with and support of the Company and its shareholders by paying the majority of the Company's operating costs. The Manager paid for circa \$458,000 of operating expenses in the year ended 30 June 2023 which include ASX and ASIC fees, audit costs, legal and tax advice costs and any fees charged by the Company's Fund Administrator (2022: \$481,000²).

On-market share buy-back program

During the year ended 30 June 2023, the Company bought back 19,946,758 shares at a cost of \$40,130,172 (excluding brokerage) (2022: 2,210,927 shares bought back at a cost of \$3,989,059 (excluding brokerage)).

Investment Guidelines Updates

On 11 May 2023, the Company announced, following a period of review by the Investment Manager, a refinement and simplification of the Investment Guidelines of the Company.

It is intended that the updated guidelines will better enable the Manager to implement the investment strategy of the Company. These changes took effect from 1 July 2023. See the announcement released on 11 May 2023 on the Company's website: www.vgipartners.com/lics/rg8

¹ 'Post-Tax NTA' is calculated after tax on realised gains/losses, deferred tax assets and deferred tax liabilities, but before allowing for deferred tax liabilities / deferred tax assets on unrealised gains / losses.

² In addition, for the year ended 30 June 2022, the Manager paid for circa \$133,000 of non-recurring strategic review and advisory costs, totalling \$614,000.

Strategy and Future Outlook

The results of the Company's operations will be affected by a number of factors, including the performance of investment markets in which the Company invests. Therefore, investment performance is not guaranteed, and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook on statement of expected results of operations. The Company provides monthly fund updates and annual investor reports, which are available on the Company's website at www.vgipartners.com/lics/rg8 and disclosed on the ASX website. The Company's updates include detailed discussions in relation to some underlying investments from time to time along with general outlook commentary.

The Company's investment activities will expose it to a variety of risks, which are disclosed in the Company's Prospectus, which is available on the Company's website at www.vgipartners.com/lics/rg8 and disclosed on the ASX website.

Other matters

Further information on the Company's operational and financial review is contained in the Letter from the Chairman.

Financial Position

The net assets of the Company as at 30 June 2023 were \$466,452,063 (2022: \$501,928,189).

Matters subsequent to the end of the financial year

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2023.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of shareholders.

Environmental regulation

The operations of the Company are not subject to any particular or significant environmental regulations under a law of the Commonwealth, or of a State or Territory.

Information on Directors and Officeholders

| | |
|--|---|
| Name: | Lawrence Myers |
| Title: | Independent Chairman |
| Qualifications: | <i>B.Acct (UniSA), CA, CTA</i> |
| Experience and expertise: | Mr Myers is the Founder and Managing Director of MBP Advisory Pty Limited, a prominent, high-end Sydney firm of Chartered Accountants which he established in 1998. Mr Myers is also the CEO of FIFO Investments Pty Limited, the family office for the Myers family and a number of associated families. Mr Myers' specialist areas of practice include mergers and acquisitions, corporate and business advisory, tax consulting and advisory, succession planning and family office services. Mr Myers is also a member of the Foundation board of the Art Gallery of New South Wales. |
| Other current listed directorships: | Mr Myers has been an Independent Director and Chairman of the Audit and Risk Committee of ASX-listed Breville Group Limited (ASX:BRG) since 2013 and has been its Lead Independent Director since August 2014 and its Deputy Chairman since August 2021. Mr Myers is also an Independent Director of VGI Partners Global Investments Limited (ASX:VG1). |
| Former directorships (last three years): | Mr Myers has not held any other directorships of listed companies within the last three years. |
| Special responsibilities: | Mr Myers is a member of the Company's Audit and Risk Committee. |
| Interests in the Company: | Shares: 600,000 |

| | |
|---|--|
| Name: | Adelaide H McDonald |
| Title: | Independent Director |
| Qualifications: | <i>B.Com (Acc/Fin) (UQLD), B.BusMan (Econ) (UQLD), CFA</i> |
| Experience and expertise: | Ms McDonald has over 15 years' experience in corporate advisory and equity research. Ms McDonald is currently a Non-Executive Director of XTEK Limited (ASX:XTE) as well as an Executive Director of MDH Pty Ltd, one of Australia's largest integrated beef producers. In addition, Ms McDonald has held roles as a Director at KPMG in the Mergers and Acquisitions practice with previous roles at Wilson HTM and BDO Kendalls. |
| Other current listed directorships: | Ms McDonald is an Independent Director of VGI Partners Global Investments Limited (ASX:VG1). Ms McDonald is also a Non-Executive Director of XTEK Limited (ASX:XTE). |
| Former directorships (last three years) | Ms McDonald has not held any other directorships of listed companies within the last three years. |
| Special responsibilities: | Ms McDonald is Chair of the Company's Audit and Risk Committee. |
| Interests in the Company: | Shares: 42,817 |

| | |
|--|--|
| Name: | William F Brown |
| Title: | Independent Director |
| Qualifications: | B.A (Econ) (University of Pennsylvania), MBA (Columbia Business School) |
| Experience and expertise: | Mr Brown has over 30 years of investment experience as a principal and advisor. Currently, Mr Brown is the Chief Investment Officer of Terrace Tower Group, a Sydney and New York based real estate and investment company started by John Saunders, one of two co-founders of Westfield Group. Mr Brown also has served as a Partner and member of the investment committee at AIM13, a multi-family investment office with more than US\$1 billion invested in alternative assets. Previously, he was a Senior Portfolio Manager at Hartz Capital, a privately-owned multi-strategy hedge fund associated with the Leonard Stern family office. Prior to joining Hartz, Mr Brown worked at Berenson & Company, Credit Suisse First Boston, Lazard Frères and Lehman Brothers. Mr Brown began his investment career in 1989 as an investment banking analyst at Salomon Brothers Inc. |
| Other current listed directorships: | Mr Brown does not hold any other directorships in listed companies. |
| Former directorships (last three years): | Mr Brown has not held any other directorships of listed companies within the last three years. |
| Special responsibilities: | Mr Brown is a member of the Company's Audit and Risk Committee. |
| Interests in the Company: | Shares: 100,000 |

| | |
|--|--|
| Name: | David F Jones AM |
| Title: | Director |
| Qualifications: | <i>B.Eng. (1st Class Hons) (Melb.), MBA (Harvard)</i> |
| Experience and expertise: | Mr Jones has more than 30 years' experience in investment markets, the majority as a general partner in private equity firms, and prior to that in general management and management consulting. Mr Jones has been a board member of numerous private and public businesses, including a number in the wealth management sector. |
| Other current listed directorships: | Mr Jones is the Chairman of VGI Partners Global Investments Limited (ASX:VG1). |
| Former directorships (last three years): | Mr Jones was a Non-Executive Director of Regal Partners Limited until 23 May 2023. Prior to 3 June 2022, Mr Jones was an Executive Director of VGI Partners Limited. |
| Interests in the Company: | Shares: 110,432 |

| | |
|---------------------------|--|
| Name: | Ian Cameron |
| Title: | Company Secretary |
| Qualifications: | <i>B.Com (Acc) (UMACQ), CA, B.Laws (UOW), GDLP (UOW)</i> |
| Experience and expertise: | Mr Cameron has more than 15 years' experience in investment management and professional services. Prior to joining the Company in 2018, Mr Cameron worked at Pantheon Ventures and Aspect Capital in London, after starting his career at KPMG in Sydney. He is a member of Chartered Accountants Australia and New Zealand and a Solicitor of the Supreme Court of NSW. |

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report section of this Directors' Report.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2023, and the number of meetings each Director attended:

| | Board Meetings | | Audit and Risk Committee Meetings | |
|---------------------|----------------|--------------------|-----------------------------------|--------------------|
| | Attended | Eligible to attend | Attended | Eligible to attend |
| Lawrence Myers | 4 | 4 | 4 | 4 |
| David F Jones AM | 4 | 4 | # | # |
| Adelaide H McDonald | 4 | 4 | 4 | 4 |
| William F Brown | 4 | 4 | 4 | 4 |

= Not a member of the Audit and Risk Committee

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Remuneration Report (Audited)

The Directors are the key management personnel (**KMP**) of the Company.

This Report details the nature and amount of remuneration for each Director of the Company in accordance with the *Corporations Act 2001*.

Details of remuneration

The Company does not have a remuneration committee. The Board from time to time determines the remuneration of Non-Executive Directors within the maximum amount approved by shareholders at the Annual General Meeting.

The maximum total remuneration of the Non-Executive Directors of the Company has been set at \$500,000 per annum as approved at the Company's AGM in November 2022.

The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors. The Non-Executive Directors' remuneration is not linked to the Company's performance and is reviewed annually.

On 3 June 2022, Mr David Jones resigned from his executive role at VGI Partners and served as a Non-Executive Director of Regal Partners Limited from that date. Mr Jones commenced receiving remuneration from the Company from July 2022. On 23 May 2023, Mr Jones elected not to stand for re-election to the board of Regal Partners Limited.

Directors do not receive bonuses nor are they issued options over securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees, which reflect the demands that are made on them and their responsibilities.

The Company Secretary is remunerated by the Manager.

The following table shows details of the remuneration received or receivable by the Directors of the Company for the current and prior financial years.

| Name | Position | Short term employee benefits Directors' fees \$ | Post-employment benefits Superannuation \$ | Total \$ |
|---------------------|----------------------|--|---|----------------|
| 2023 | | | | |
| Lawrence Myers | Independent Chairman | 63,348 | 6,652 | 70,000 |
| Adelaide H McDonald | Independent Director | 54,299 | 5,701 | 60,000 |
| William F Brown | Independent Director | 60,000 | – | 60,000 |
| David F Jones AM | Director | 54,299 | 5,701 | 60,000 |
| | | 231,946 | 18,054 | 250,000 |
| 2022 | | | | |
| Lawrence Myers | Independent Chairman | 63,636 | 6,364 | 70,000 |
| Adelaide H McDonald | Independent Director | 54,545 | 5,455 | 60,000 |
| William F Brown | Independent Director | 60,000 | – | 60,000 |
| | | 178,181 | 11,819 | 190,000 |

The following table reflects the Company's performance and Directors' remuneration over four years:

| | 2023 | 2022 | 2021 | 2020* |
|--|------------|--------------|------------|-------------|
| Operating profit / (loss) after tax (\$) | 25,712,722 | (83,747,702) | 58,797,841 | (2,308,312) |
| Dividends (cents per share) | 10.0 | 10.0 | 5.5 | – |
| NTA after tax (\$ per share) | 2.29 | 2.22 | 2.80 | 2.50 |
| Share price (\$) | 2.09 | 1.79 | 2.43 | 1.91 |
| Total Directors' remuneration (\$) | 250,000 | 190,000 | 190,000 | 164,898 |
| Earnings / (loss) per share (cents) | 12.30 | (37.64) | 26.41 | (1.28) |
| Share buy backs (\$) | 40,130,172 | 3,989,059 | – | – |

* For the period from 31 July 2019 (incorporation) to 30 June 2020.

Director related entity remuneration

All transactions with related entities are made on normal commercial terms and conditions.

The fees payable to the Manager are listed below:

- **Management fee:** The Manager is entitled to be paid a management fee equal to 1.5% p.a. (plus GST) of the value of the Company's portfolio calculated on the last business day of each month and paid monthly in arrears. For the year ended 30 June 2023, the Manager earned management fees of \$7,124,060 exclusive of GST (2022: \$8,112,300 exclusive of GST).
- **Performance fee:** The Manager is entitled to be paid a performance fee semi-annually in arrears, equal to 15% (plus GST) of the Portfolio's outperformance (if any) over each prior semi-annual Performance Calculation Period, subject to a high-water mark mechanism.

For the year ended 30 June 2023, the Manager did not earn performance fees (2022: nil).

No Director has received or become entitled to receive a benefit (other than those detailed in the Remuneration Report) by reason of a contract made by the Company or a related company with the Director or with a firm of which they are a member or with a company in which they have substantial financial interest.

Equity instrument disclosures

As at the balance date, the following interests in the Company were held by persons and their related parties, who were members of the Board during the year.

| Ordinary shares held: Name | Opening balance at 1 July 2022** | Acquisitions* | Closing balance at 30 June 2023 |
|-------------------------------|-------------------------------------|----------------|------------------------------------|
| Lawrence Myers | 250,000 | 350,000 | 600,000 |
| David F Jones AM | 105,084 | 5,348 | 110,432 |
| Adelaide H McDonald | 40,979 | 1,838 | 42,817 |
| William F Brown | 100,000 | – | 100,000 |
| Total | 496,063 | 357,186 | 853,249 |

The table below shows interests in the Company held by persons and their related parties, who were members of the Board in the prior year.

| Name | Opening balance at 1 July 2021 | Acquisitions* | Closing balance at 30 June 2022 |
|----------------------|-----------------------------------|----------------|------------------------------------|
| Lawrence Myers | 250,000 | – | 250,000 |
| Robert M P Luciano** | 4,232,440 | 738,374 | 4,970,814 |
| David F Jones AM | 100,000 | 5,084 | 105,084 |
| Adelaide H McDonald | 40,000 | 979 | 40,979 |
| William F Brown | 100,000 | – | 100,000 |
| Total | 4,722,440 | 744,437 | 5,466,877 |

* Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

** Mr Luciano resigned from the Board of Directors on 15 June 2022.

There have been no changes to the interests held by the Company's Directors and their related parties since the balance date to the date of this report.

End of Remuneration Report

Insurance and indemnification of Officers and Auditors

During the year, the Company paid a premium in respect of a contract insuring the Directors and officers of the Company against liabilities and legal expenses incurred as a result of carrying out their duties as a Director or officer. The Company has agreed to indemnify the current and former Directors and officers of the Company against all liabilities to another person (other than the Company) that may arise from their position as Directors and officers to the extent permitted by law and unless the liability relates to conduct involving wilful breach or contravention of the Directors and officers duties and obligations as an officer of the Company.

In accordance with the provisions of the *Corporations Act 2001*, the Company has a Directors and officers liability policy covering all Directors and officers. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The auditor of the Company is not indemnified out of the assets of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Board of Directors is satisfied that the provision of other services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 17 did not compromise the Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to the Auditor's independence in accordance with the *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the Annual Report have been rounded to the nearest dollar unless otherwise specified.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

This report is signed in accordance with a resolution of the Directors.



Lawrence Myers
Independent Chairman
Sydney
16 August 2023

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Pitcher Partners Sydney Partnership

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**Auditor's Independence Declaration
To the Directors of Regal Asian Investments Limited
ABN 58 635 219 484**

In relation to the independent audit of Regal Asian Investments Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards).



S M Whiddett
Partner

Pitcher Partners
Sydney

16 August 2023

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

| | Note | 30 June 2023 \$ | 30 June 2022 \$ |
|--|------|---------------------|----------------------|
| Income | | | |
| Net gains / (losses) on financial assets / liabilities measured at fair value through profit or loss | | 37,622,731 | (112,612,183) |
| Dividend income | | 16,373,902 | 4,704,498 |
| Interest income | | 9,395,669 | 529,004 |
| Other income | | 114,113 | 27,776 |
| Total income / (loss) | | 63,506,415 | (107,350,905) |
| Expenses | | | |
| Management fees | 16 | (7,302,161) | (8,315,108) |
| Dividends on short positions | | (13,613,345) | (594,301) |
| Director fees including on costs | 15 | (250,000) | (190,000) |
| Stock loan and custody fees | | (782,463) | (158,637) |
| Interest expense | | (7,464,947) | (2,212,103) |
| Other expenses | | (444,696) | (345,540) |
| Total expenses | | (29,857,612) | (11,815,689) |
| Profit / (loss) before income tax | | 33,648,803 | (119,166,594) |
| Income tax (expense) / credit | 5 | (7,936,081) | 35,418,892 |
| Profit / (loss) after income tax attributable to members of the Company | | 25,712,722 | (83,747,702) |
| Other comprehensive income | | | |
| Other comprehensive income for the year, net of tax | | – | – |
| Total comprehensive income / (loss) for the year | | 25,712,722 | (83,747,702) |
| Basic and diluted earnings / (loss) per share | 22 | 12.30 cents | (37.64) cents |

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2023

| | Note | 30 June 2023 \$ | 30 June 2022 \$ |
|---|-------|--------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | 7 | 139,487,903 | 187,619,362 |
| Trade and other receivables | 8 | 7,224,830 | 28,843,784 |
| Financial assets (securities held long) | 4 & 9 | 541,016,384 | 446,338,976 |
| Deferred tax assets | 6 | 17,731,453 | 24,386,675 |
| Current tax assets | 6 | 6,008,702 | 106,264 |
| Total assets | | 711,469,272 | 687,295,061 |
| Liabilities | | | |
| Amounts due to brokers | 7 | 83,485,898 | – |
| Financial liabilities (securities sold short) | 4 & 9 | 160,135,761 | 147,586,491 |
| Trade and other payables | 10 | 1,395,550 | 37,780,381 |
| Total liabilities | | 245,017,209 | 185,366,872 |
| Net assets | | 466,452,063 | 501,928,189 |
| Equity | | | |
| Issued capital | 11 | 512,431,314 | 552,561,486 |
| Profits reserve | 13 | 89,327,191 | 66,329,608 |
| Accumulated losses | 12 | (135,306,442) | (116,962,905) |
| Total equity | | 466,452,063 | 501,928,189 |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2023

| | Issued Capital \$ | Accumulated Losses \$ | Profits Reserve \$ | Total Equity \$ |
|---|-------------------------|-----------------------------|--------------------------|-----------------------|
| Balance at 1 July 2021 | 556,550,545 | (33,215,203) | 89,704,732 | 613,040,074 |
| Loss for the year | – | (83,747,702) | – | (83,747,702) |
| Other comprehensive income for the year | – | – | – | – |
| Transfer to profits reserve | – | – | – | – |
| Dividends paid | – | – | (23,375,124) | (23,375,124) |
| On-market share buy-back | (3,989,059) | – | – | (3,989,059) |
| Balance at 30 June 2022 | 552,561,486 | (116,962,905) | 66,329,608 | 501,928,189 |
| Balance at 1 July 2022 | 552,561,486 | (116,962,905) | 66,329,608 | 501,928,189 |
| Profit for the year | – | 25,712,722 | – | 25,712,722 |
| Other comprehensive income for the year | – | – | – | – |
| Transfer to profits reserve | – | (44,056,259) | 44,056,259 | – |
| Dividends paid | – | – | (21,058,676) | (21,058,676) |
| On-market share buy-back | (40,130,172) | – | – | (40,130,172) |
| Balance at 30 June 2023 | 512,431,314 | (135,306,442) | 89,327,191 | 466,452,063 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|--|-----------|----------------------|---------------------|
| Cash flow from operating activities | | | |
| Proceeds from the sale of investments | | 1,194,178,850 | 761,343,425 |
| Payments for the purchase of investments | | (1,255,618,380) | (646,633,699) |
| Dividends received | | 16,297,556 | 4,704,498 |
| Interest received | | 9,094,686 | 449,001 |
| Realised foreign exchange gains | | 6,684,213 | 24,700,881 |
| Management fees paid | | (7,346,708) | (8,517,790) |
| Performance fees paid | | – | (5,303,153) |
| Stock loan and custody fees paid | | (782,911) | (158,633) |
| Dividends on shorts | | (13,613,544) | (512,109) |
| Director fees paid | | (247,873) | (190,000) |
| Insurance fees paid | | (307,351) | (316,344) |
| Interest paid | | (6,896,111) | (2,228,074) |
| Income tax paid | | (7,183,296) | (6,154,700) |
| Other income received | | 114,113 | 27,774 |
| Other expenses paid | | (96,270) | (27,413) |
| Net cash (outflow) / inflow from operating activities | 21 | (65,723,026) | 121,183,664 |
| Cash flow from financing activities | | | |
| Payments for on-market share buy-back | | (39,966,627) | (4,257,268) |
| Dividends paid | 14 | (21,058,676) | (23,375,124) |
| Net cash (outflow) from financing activities | | (61,025,303) | (27,632,392) |
| Net (decrease) / increase in cash and cash equivalents held | | (126,748,329) | 93,551,272 |
| Effects of exchange rate changes on cash balances of cash held in foreign currencies | | (4,869,028) | 2,562,506 |
| Cash and cash equivalents at the beginning of the year | | 187,619,362 | 91,505,584 |
| Cash and cash equivalents at the end of the year | 7 | 56,002,005 | 187,619,362 |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2023

1. General information

The Company is a listed public company domiciled in Australia. The financial statements cover the Company as an individual entity. The financial statements were authorised for issue on 16 August 2023 by the Directors of the Company.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards (AASB). Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets and financial liabilities.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value through profit or loss.

The Company manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio may be realised within 12 months, however, an estimate of that amount cannot be determined at reporting date.

In accordance with *ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar unless otherwise specified.

b) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards as issued by the International Accounting Standards Board.

c) Financial assets and liabilities at fair value through profit or loss - Investments

i) Classification

Assets

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Company's portfolio of financial assets is managed and their performance is evaluated on a fair value basis in accordance with the Company's investment strategy. Financial assets include equity securities held long and are classified as fair value through profit or loss.

2. Significant accounting policies (continued)

c) Financial assets and liabilities at fair value through profit or loss – Investments (continued)

i) Classification (continued)

Liabilities

The Company makes short sales (securities sold short) in which a borrowed equity security is sold in anticipation of a decline in market value of that security. Securities sold short are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

ii) Recognition/Derecognition

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Any other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

iii) Measurement

Financial assets and liabilities are measured initially at fair value, with subsequent changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Initial transaction costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

d) Fair Value Measurement

When a financial asset is measured at fair value, the value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Assets measured at fair value are classified into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Shares that are listed or traded on an exchange are fair valued using last sale price, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

e) Income and Expenditure

Net gains / (losses) on financial assets and financial liabilities arising on a change in fair value are calculated as the difference between the fair value at year end and the fair value at the preceding valuation point.

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the Statement of Profit or Loss and Other Comprehensive Income as they accrue. Interest income and expenses are presented as separate items on the Statement of Profit or Loss and Other Comprehensive Income.

Dividend income relating to exchange-traded equity instruments is recognised in the Statement of Profit or Loss and Other Comprehensive Income on the ex-dividend date with any related foreign withholding tax deducted as an expense. All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

2. Significant accounting policies (continued)

f) Income Tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income at the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and any adjustment recognised for prior years, where applicable.

Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the Australian Taxation Office (**ATO**).

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets are recognised to the extent that they are recoverable. Deductible temporary differences and unused tax losses are only recognised if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or liabilities settled. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the ATO. In that case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the Statement of Financial Position.

h) Amounts due to brokers

Facilities provided by prime brokers and custodians are repayable on demand and form an integral part of the Company's cash management. The balance will fluctuate from being positive to negative as cash management needs arise, rather than part of its operating, investing and financing activities.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the Statement of Cash Flows presentation purposes, cash and cash equivalents also includes amounts due to brokers, which are shown within the current liabilities on the Statement of Financial Position.

j) Profits reserve

The Company may transfer any current period or prior period accumulated profits not distributed as dividends to a dividend profits reserve. Doing so facilitates the payment of future dividends, rather than maintaining these profits within retained earnings.

k) Dividends

Dividends are recognised when declared during the financial year.

2. Significant accounting policies (continued)

l) Trade and other receivables

Trade and other receivables relate to outstanding settlements, interest and dividends receivable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any allowance for expected credit losses when relevant.

m) Trade and other payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted.

n) Share capital

Ordinary shares are classified as equity.

o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

p) Critical accounting estimates and judgments

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Directors base their judgements and estimates on historical experience and various other factors, including expectations of future events, which the Directors believe to be reasonable under the circumstances.

Income Taxes

The Company has recognised deferred tax assets of \$17,731,453 (2022: \$24,386,675) that largely relates to unrealised foreign exchange gains and unrealised losses on financial instruments of \$59,104,843 at 30 June 2023 (2022: \$81,288,917). The utilisation of tax losses depends on the ability of the Company to generate future taxable profits. The Company considers that it is probable that future taxable profits will be available to utilise those deferred tax assets.

AASB Interpretation 23 Uncertainty over income tax treatments ("AASB 23") provides clarification on how to apply recognition and measurement requirements when there is uncertainty over income tax treatments. Under AASB 23, if an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment, the entity shall determine its accounting for income taxes consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, the entity shall reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made. An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount method or the expected value method, depending on which method the entity expects to best predict the resolution of the uncertainty. As at 30 June 2023 and 30 June 2022, there is no material uncertainty relating to any tax treatments.

q) New accounting standards and interpretations

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. These Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

2. Significant accounting policies (continued)**r) Functional and presentation currency**

Items included in the financial statements are presented and measured in Australian dollars, the currency of the primary economic environment in which the Company operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates applicable at the transaction date.

At reporting date, monetary items are translated at the exchange rate applicable at reporting date, and non-monetary items carried at fair value are translated at the rates applicable at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within the disclosure 'Net gains on financial assets / liabilities measured at fair value through profit or loss'.

3. Financial risk management

The Company's financial instruments consist primarily of international and Australian listed investments, deposits with banks, trade and other receivables and trade payables, and as a result financial risks include market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of the Company, with the Manager, has implemented a risk management framework to manage and mitigate these risks.

a) Market risk**i) Price risk**

Price risk arises from investments held by the Company and classified in the Statement of Financial Position as 'financial assets / liabilities'.

The Manager seeks to manage market risk by careful selection of securities in accordance with its investment process, including formalised research, due diligence, capital allocation decision making, ongoing monitoring, financial modelling as well as managing net equity exposure levels.

The Investment Strategy provides investors with access to a concentrated portfolio, predominantly comprised of long investments and positions in Asian listed securities and other companies with significant exposure to the Asian market. A breakdown of the Company's overall market exposures at the financial reporting date are below:

| | 2023 \$ | 2022 \$ |
|---|--------------------|--------------------|
| Financial assets (securities held long) | 541,016,384 | 446,338,976 |
| Financial liabilities (securities sold short) | (160,135,761) | (147,586,491) |
| Net overall exposure | 380,880,623 | 298,752,485 |

At the reporting date, had equity prices moved by +/- 10% with other variables held constant, the movement in profit before income tax would be approximately +/- \$38,088,062 (2022: \$29,875,249).

ii) Foreign currency risk

The Company holds assets and performs transactions denominated in currencies other than its functional currency, the Australian dollar. As a result, it is exposed to the effects of exchange rate fluctuations, creating foreign currency risk. The Manager manages the exchange rate exposures within approved policy parameters, monitors exchange rates closely as part of its portfolio management and may hedge some or all of its exposure to foreign currency exchange risk.

3. Financial risk management (continued)

a) Market risk (continued)

ii) Foreign currency risk (continued)

| | Liabilities 2023 \$ AUD | Assets 2023 \$ AUD |
|------------------------------|----------------------------|-----------------------|
| United States Dollar (USD) | (2,292,848) | 7,537 |
| Japanese Yen (JPY) | (207,055,294) | 212,362,629 |
| Euro (EUR) | (15,714,094) | 20,396,857 |
| Singapore Dollar (SGD) | – | 265 |
| Hong Kong Dollar (HKD) | (142,168,888) | 138,040,251 |
| British Pound Sterling (GBP) | (10,436,403) | 11,498,899 |
| New Zealand Dollar (NZD) | (7,586,338) | 7,479,523 |

| | Liabilities 2022 \$ AUD | Assets 2022 \$ AUD |
|----------------------------|----------------------------|-----------------------|
| United States Dollar (USD) | (6,137,537) | 7,202,092 |
| Japanese Yen (JPY) | (214,984,833) | 195,332,011 |
| Euro (EUR) | (1,499,423) | 1,334,891 |
| Singapore Dollar (SGD) | – | 199,375 |
| Swiss Franc (CHF) | (35,488,777) | 29,421,337 |
| Hong Kong Dollar (HKD) | (58,389,178) | 55,762,667 |
| Korean Won (KRW) | – | 4,030,733 |

The table below performs a sensitivity analysis of the effect on the net assets attributable to shareholders (and profit before income tax) due to a possible movement of the currency rate against the Australian dollar with all other variables held constant.

| Currency | AUD equivalent in exposure by currency 2023 \$ | Change in variable + / - % | Profit / (loss) before income tax attributable to shareholders 2023 \$ |
|------------|---|----------------------------------|--|
| USD Impact | (2,285,311) | 5%/(5%) | (114,266) / 114,266 |
| JPY Impact | 5,307,335 | 5%/(5%) | 265,367 / (265,367) |
| EUR Impact | 4,682,763 | 5%/(5%) | 234,139 / (234,139) |
| SGD Impact | 265 | 5%/(5%) | 14 / (14) |
| HKD Impact | (4,128,637) | 5%/(5%) | (206,432) / 206,432 |
| GBP Impact | 1,062,496 | 5%/(5%) | 53,125 / (53,125) |
| NZD Impact | (106,815) | 5%/(5%) | (5,341) / 5,341 |

3. Financial risk management (continued)

a) Market risk (continued)

ii) Foreign currency risk (continued)

| Currency | AUD equivalent in exposure by currency | Change in variable | Profit / (loss) before income tax attributable to shareholders |
|------------|---|-----------------------|--|
| | 2022 \$ | + / - % | 2022 \$ |
| USD Impact | 1,064,555 | 5%/(5%) | 53,228 / (53,228) |
| JPY Impact | (19,652,822) | 5%/(5%) | (982,641) / 982,641 |
| EUR Impact | (164,532) | 5%/(5%) | (8,227) / 8,227 |
| SGD Impact | 199,375 | 5%/(5%) | 9,969 / (9,969) |
| CHF Impact | (6,067,440) | 5%/(5%) | (303,372) / 303,372 |
| HKD Impact | (2,626,511) | 5%/(5%) | (131,326) / 131,326 |
| KRW Impact | 4,030,733 | 5%/(5%) | 201,537 / (201,537) |

iii) Cash flow and fair value interest rate risk

Interest rate risk is the possibility the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest-bearing. Any interest-bearing financial assets and financial liabilities either mature or reprice in the short term. As a result, the Company is subject to limited exposure to fluctuations in market interest rates which would create interest rate risk. The Company also holds substantial cash positions which are directly affected by interest rate movements.

The table below summarises the Company's exposure to interest rate risk at the end of the reporting period.

| 2023 | Floating \$ | Fixed \$ | Total \$ |
|------------------------|---------------------------|-------------|-------------------|
| | Cash and cash equivalents | 139,487,903 | – |
| Amounts due to brokers | (83,485,898) | – | (83,485,898) |
| Total | 56,002,005 | – | 56,002,005 |

| 2022 | Floating \$ | Fixed \$ | Total \$ |
|------------------------|---------------------------|-------------|--------------------|
| | Cash and cash equivalents | 187,619,362 | – |
| Amounts due to brokers | – | – | – |
| Total | 187,619,362 | – | 187,619,362 |

The sensitivity analysis below has been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year, in the case of instruments that have floating interest rates.

3. Financial risk management (continued)**a) Market risk (continued)****iii) Cash flow and fair value interest rate risk (continued)**

The following table illustrates the effect on interest from possible changes in interest rates that were reasonably possible based on the risk the Company was exposed to at reporting date and are based on best estimate, having regard to a number of factors, including historical levels of changes in interest rates. However, actual movements in the interest rate may be greater or less than anticipated due to a number of factors, including market movements resulting from changes in performance and/or correlation between the performances of economies and markets in which the Company invests. As a result, historic variations in these risk variables should not be used to predict future variances in interest rates.

| | 2023 | | 2022 | |
|---------------------------|------------------------------------|--------------------------------|------------------------------------|--------------------------------|
| | Change in variable rate + / - % | Effect on profit or loss \$ | Change in variable rate + / - % | Effect on profit or loss \$ |
| Interest rate risk | 1.00% / (1.00%) | 560,020 / (560,020) | 1.00% / (1.00%) | 1,876,194 / (1,876,194) |

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty (bank and prime broker) by failing to discharge an obligation.

The Manager has adopted a policy of only dealing with what it assesses to be creditworthy counterparties, conducting due diligence of all new counterparties, monitoring the creditworthiness and ratings of counterparties on an ongoing basis and obtaining sufficient collateral or other security (where appropriate), as a means of mitigating the financial risk of financial loss from default. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty risk. Credit risk on cash and cash equivalents is not considered to be a significant risk to the Company as the majority of cash is held with major Australian banks and their 100% owned banking subsidiaries, being institutions that have a Standard & Poor's A-1+ rating (2022: Standard & Poor's A-1+ rating).

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the Statement of Financial Position, including the carrying amount of cash and cash equivalents, financial assets (securities held long) that may have been collateralised against borrowed stock and are held under a custody arrangement, and trade and other receivables.

Under the arrangements which the Company has entered into to facilitate stock borrowing for covered short selling, borrowed stock is collateralised by the long stock portfolio. If the stock borrowing counterparty became insolvent, it is possible that the Company may not recover all of the collateral that the Company gave to the counterparty.

None of the assets exposed to credit risk are overdue or considered to be impaired (2022: nil).

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

3. Financial risk management (continued)**c) Liquidity risk (continued)**

Under the Investment Management Agreement, the Manager has agreed to pay all of the Company's operating expenses except for Directors' fees and all premiums payable for Directors and Officers insurance. The Manager maintains the Company's unencumbered cash balances at sufficient levels to ensure that the Company can meet these expense outgoings as and when they fall due. Further, the Manager closely manages and monitors the allocation of the Company's investment assets between cash, the purchase of securities and the settlement of short positions in accordance with its investment process, as well as tax thereon to be paid to the ATO.

The assets of the Company are predominantly in the form of readily tradeable securities which can be sold on-market if necessary.

The tables below summarise the maturity profile of the Company's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| At 30 June 2023 | Less than 1 month \$ | Less than 3 months \$ | More than 3 months \$ | Total \$ |
|--|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|
| Financial liabilities | | | | |
| Amounts due to brokers | 83,485,898 | – | – | 83,485,898 |
| Financial liabilities at fair value through profit or loss | 160,135,761 | – | – | 160,135,761 |
| Trade and other payables | 1,395,550 | – | – | 1,395,550 |
| Total financial liabilities | 245,017,209 | – | – | 245,017,209 |

| At 30 June 2022 | Less than 1 month \$ | Less than 3 months \$ | More than 3 months \$ | Total \$ |
|--|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|
| Financial liabilities | | | | |
| Amounts due to brokers | – | – | – | – |
| Financial liabilities at fair value through profit or loss | 147,586,491 | – | – | 147,586,491 |
| Trade and other payables | 37,780,381 | – | – | 37,780,381 |
| Total financial liabilities | 185,366,872 | – | – | 185,366,872 |

4. Fair value measurements

The Company measures and recognises its investments as financial assets at fair value through profit or loss on a recurring basis.

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Fair value measurements (continued)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at the reporting date. The carrying amounts of all financial instruments are reasonable approximations of the respective instrument's fair value.

| At 30 June 2023 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|----------------------|----------------------|----------------------|----------------------|
| Financial assets (securities held long) | 541,016,384 | – | – | 541,016,384 |
| Financial liabilities (securities sold short) | (160,135,761) | – | – | (160,135,761) |

| At 30 June 2022 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|----------------------|----------------------|----------------------|----------------------|
| Financial assets (securities held long) | 445,749,904 | 589,072 | – | 446,338,976 |
| Financial liabilities (securities sold short) | (147,586,491) | – | – | (147,586,491) |

Transfers between levels

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels for recurring fair value measurements during the year.

5. Income tax

| | 2023 \$ | 2022 \$ |
|---|--------------------|-------------------|
| a) Income tax recognised in profit or loss | | |
| Current tax (expense) / credit | (1,280,859) | 11,025,565 |
| Deferred tax (expense) / credit | (6,655,222) | 24,393,327 |
| Total income tax (expense) / credit in profit or loss | (7,936,081) | 35,418,892 |
| Total income tax (expense) / credit results from: | | |
| Current tax liabilities | (1,280,859) | – |
| Deferred tax assets | (6,655,222) | 24,386,675 |
| Deferred tax liabilities | – | 11,032,217 |
| Income tax (expense) / credit | (7,936,081) | 35,418,892 |
| b) Income tax recognised in profit or loss | | |
| Profit / (loss) before income tax | 33,648,803 | (119,166,594) |
| Tax at the Australian corporate tax rate of 30% | (10,094,641) | 35,749,978 |
| Foreign income tax offset gross up | (156,859) | (331,086) |
| Franking credits / foreign income tax offset utilisation | 2,317,436 | – |
| Adjustment to tax charge in respect of previous periods | (2,017) | – |
| Income tax (expense) / credit recognised in profit or loss | (7,936,081) | 35,418,892 |

6. Deferred tax assets / liabilities

| | 2023 \$ | 2022 \$ |
|--|-------------------|-------------------|
| a) Deferred tax assets | | |
| Tax losses | 11,023,547 | 11,025,564 |
| Unrealised foreign exchange gains | (414,254) | (1,874,964) |
| Unrealised losses on financial instruments | 7,145,064 | 15,236,075 |
| Dividend receivable | (22,904) | – |
| Closing balance | 17,731,453 | 24,386,675 |

Movement in deferred tax assets:

| | | |
|--|-------------------|-------------------|
| Opening balance | 24,386,675 | – |
| Tax losses | (2,017) | 11,025,564 |
| Unrealised foreign exchange gains | 1,460,710 | (1,874,964) |
| Unrealised losses on financial instruments | (8,091,011) | 15,236,075 |
| Dividend receivable | (22,904) | – |
| Closing balance | 17,731,453 | 24,386,675 |

b) Deferred tax liabilities

| | | |
|---|----------|----------|
| Unrealised gains on financial instruments | – | – |
| Unrealised foreign exchange gains | – | – |
| Closing balance | – | – |

Movement in deferred tax liabilities:

| | | |
|---|----------|-------------|
| Opening balance | – | 11,032,217 |
| Unrealised foreign exchange gain | – | (1,106,210) |
| Dividends (received) / receivable | – | – |
| Unrealised (loss) market value movement | – | (9,926,007) |
| Closing balance | – | – |

c) Current tax asset

| | | |
|--|------------------|----------------|
| Opening balance | 106,264 | (6,048,437) |
| Pay as you go (PAYG) withholding | 7,441,313 | – |
| Income tax paid | (258,016) | 6,154,701 |
| Tax expense | (1,280,859) | 11,025,564 |
| Transfer of current year losses to deferred tax assets | – | (11,025,564) |
| Closing balance | 6,008,702 | 106,264 |

7. Cash and cash equivalents

| | 2023 \$ | 2022 \$ |
|---------------------------|-------------------|--------------------|
| Cash and cash equivalents | 139,487,903 | 187,619,362 |
| Amounts due to brokers* | (83,485,898) | – |
| Total | 56,002,005 | 187,619,362 |

* Refer to Note 2 h) for additional information.

8. Trade and other receivables

| | 2023 \$ | 2022 \$ |
|----------------------|------------------|-------------------|
| Dividends receivable | 76,346 | – |
| Unsettled trades | 6,596,985 | 28,415,825 |
| GST receivable | 42,330 | 56,228 |
| Other receivables | 104,664 | 268,209 |
| Interest receivable | 404,505 | 103,522 |
| Total | 7,224,830 | 28,843,784 |

9. Financial assets and liabilities at fair value through profit or loss

| | 2023 \$ | 2022 \$ |
|--|---------------|---------------|
| Financial assets: | | |
| Listed investments held long at fair value | 541,016,384 | 445,749,904 |
| Derivative financial instruments | – | 589,072 |
| Financial liabilities: | | |
| Listed positions sold short at fair value | (160,135,761) | (147,586,491) |

10. Trade and other payables

| | 2023 \$ | 2022 \$ |
|-------------------------|------------------|-------------------|
| Management fees payable | 609,510 | 657,316 |
| Unsettled trades | – | 36,937,776 |
| Other payables | 786,040 | 185,289 |
| Total | 1,395,550 | 37,780,381 |

11. Issued capital

| | Number of Shares | \$ |
|---|---------------------|--------------------|
| Opening balance as at 1 July 2021 | 222,620,218 | 556,550,545 |
| On-market share buy-back | (2,210,927) | (3,989,059) |
| Closing balance as at 30 June 2022 | 220,409,291 | 552,561,486 |
| Opening balance as at 1 July 2022 | 220,409,291 | 552,561,486 |
| On-market share buy-back | (19,946,758) | (40,130,172) |
| Closing balance as at 30 June 2023 | 200,462,533 | 512,431,314 |

Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and market confidence. The overall strategy remains unchanged. To achieve this, the Board of Directors monitor the monthly NTA results, investment performance and share price movements.

The Board is focused on maximising returns to shareholders with capital management a key objective of the Company. The Company is not subject to any externally imposed capital requirements.

On-market share buy-back program

During the year ended 30 June 2023, the Company bought back 19,946,758 shares at a cost of \$40,130,172 (excluding brokerage) (2022: 2,210,927 shares bought back at a cost of \$3,989,059 (excluding brokerage)).

12. Accumulated losses

| | 2023 \$ | 2022 \$ |
|------------------------------|----------------------|----------------------|
| Opening balance | (116,962,905) | (33,215,203) |
| Transfer to profits reserve | (44,056,259) | – |
| Profit / (loss) for the year | 25,712,722 | (83,747,702) |
| Closing balance | (135,306,442) | (116,962,905) |

13. Profits reserve

| | 2023 \$ | 2022 \$ |
|----------------------------------|-------------------|-------------------|
| Opening balance | 66,329,608 | 89,704,732 |
| Transfer from accumulated losses | 44,056,259 | – |
| Dividends paid (see Note 14) | (21,058,676) | (23,375,124) |
| Closing balance | 89,327,191 | 66,329,608 |

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments. The Company may set aside some or all of the undistributed profits to the profits reserve for payments of dividends rather than maintaining these profits within accumulated losses.

13. Profits reserve (continued)

Dividends are paid out of the profits reserve. Subsequent to the year ended 30 June 2023, the Directors have determined to pay a fully franked dividend at a 30% tax rate of 5.0 cents per share, payable on 25 September 2023. This has not been recognised in the Statement of Financial Position. The balance in the profits reserve after providing for the 2023 final dividend is \$79,386,455 (or 39.9 cents per share, based on the current shares on issue).

14. Dividends**a) Ordinary dividends declared or paid during the year**

| | 2023 \$ | 2022 \$ |
|--|-------------------|-------------------|
| Franked dividends at 30% paid during the year: | | |
| 2021 final dividend: 5.5 cents per share, paid 29 September 2021 | – | 12,244,114 |
| 2022 interim dividend: 5.0 cents per share, paid 19 April 2022 | – | 11,131,010 |
| 2022 final dividend: 5.0 cents per share, paid 30 September 2022 | 10,874,645 | – |
| 2023 interim dividend: 5.0 cents per share, paid 29 March 2023 | 10,184,031 | – |
| Total | 21,058,676 | 23,375,124 |

Subsequent to the year ended 30 June 2023, the Directors have determined to pay a fully franked dividend at a 30% tax rate of 5.0 cents per share, payable 25 September 2023. This has not been recognised in the Statement of Financial Position.

b) Dividend franking account

| | 2023 Franking credits | 2022 Franking credits |
|--|-----------------------------|-----------------------------|
| Balance of franking account at year end | 5,507,978 | 2,521,117 |
| Adjusted for franking credits arising from estimated income tax receivable | (6,008,702) | (106,264) |
| Franking credits available for use in subsequent periods | (500,724) | 2,414,853 |
| Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 20* | (4,260,316) | (2,401,340) |
| | (4,761,040) | 13,513 |

* Pending additional buy-backs subsequent to the release of the Annual Report.

The Company's ability to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax. The dividend determined by the Directors on 25 September 2023 will be franked out of existing franking credits and/or out of franking credits arising from the payment of income tax in current or future periods.

15. Key management personnel disclosures**a) Independent Directors' Remuneration**

| | 2023 \$ | 2022 \$ |
|--------------------------------|----------------|----------------|
| Short-term employment benefits | 231,946 | 178,181 |
| Post-employment benefits | 18,054 | 11,819 |
| Total | 250,000 | 190,000 |

Detailed remuneration disclosures are provided in the Remuneration Report on page 12.

15. Key management personnel disclosures (continued)**b) Ordinary shares held**

Refer to Remuneration Report 'equity instrument disclosures relating to directors' (page 13) for further details.

16. Related party transactions

All transactions with related entities are made on normal commercial terms and conditions.

Costs paid by the Investment Manager

The Investment Manager continues to show strong alignment and support to the Company and its shareholders by paying the majority of operating costs incurred by the Company. The Investment Manager paid for circa \$458,000 of operating expenses in the year ended 30 June 2023 which include ASX and ASIC fees, audit costs, legal and tax advice costs and any fees charged by the Company's Fund Administrator (2022: \$481,000¹).

Management fee

The Manager is entitled to be paid a management fee equal to 1.5% per annum (plus GST) of the value of the Company's portfolio calculated on the last business day of each calendar month and paid monthly in arrears.

For the year ended 30 June 2023, the Manager earned management fees of \$7,124,060 (2022: \$8,112,300) exclusive of GST.

The management fees disclosed in the Statement of Profit or Loss and Other Comprehensive Income is net of GST and Reduced Input Tax Credits (RITC).

Performance fee

The Manager is entitled to be paid a performance fee semi-annually in arrears, equal to 15% (plus GST) of the Portfolio's outperformance (if any) over each prior semi-annual performance calculation period, subject to a high water mark mechanism.

The high water mark is the net asset value of the portfolio before all taxes calculated on the last date of the performance calculation period to which the Manager was last entitled to be paid a performance fee.

The Manager did not earn a performance fee during the year ended 30 June 2023 (2022: nil).

17. Remuneration of Auditor

During the year the following fees were paid or payable for services provided by the Auditor of the Company, its related practices and non-related audit firms:

| | 2023 \$ | 2022 \$ |
|--|---------------|---------------|
| Audit and review of financial statements | 65,000 | 53,000 |
| Taxation services | 18,000 | 16,250 |
| Total remuneration for audit and other assurance services | 83,000 | 69,250 |

The Company's audit and other assurance service fees are being paid by the Manager under the Investment Management Agreement.

18. Contingencies and commitments

The Company had no material contingent liabilities or capital commitments as at 30 June 2023 (2022: nil).

¹ In addition, for the year ended 30 June 2022, the Manager paid for circa \$133,000 of non-recurring strategic review and advisory costs, totalling \$614,000.

19. Segment Information

The Company only has one reportable segment. The Company operates in Australia and is engaged in investment activities, deriving revenue from dividend and distribution income, interest income and returns on its investment portfolio.

20. Events occurring after the reporting year

Since the end of the year, the Directors determined to pay a fully franked final dividend of 5.0 cents per share to be paid on 25 September 2023.

The Company is not aware of any other matter or circumstance since the end of the financial year not otherwise dealt with in this report, that has, or may, significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

21. Reconciliation of profit after income tax to net cash outflow from operating activities

| | 2023 \$ | 2022 \$ |
|--|---------------------|--------------------|
| Profit / (loss) after income tax | 25,712,722 | (83,747,702) |
| Fair value movements in financial assets and liabilities | (82,989,849) | 99,309,506 |
| Changes in assets / liabilities: | | |
| Decrease / (increase) in trade and other receivables | 21,455,409 | (26,293,305) |
| Decrease in investments | 5,730,739 | 170,157,447 |
| Decrease / (increase) in deferred tax assets | 6,655,222 | (24,386,675) |
| (Increase) in current tax asset | (5,902,438) | (106,264) |
| (Decrease) / increase in trade and other payables | (36,384,831) | 3,331,311 |
| (Decrease) in deferred tax liabilities | – | (11,032,217) |
| (Decrease) in current tax liabilities | – | (6,048,437) |
| Net cash (outflow) / inflow from operating activities | (65,723,026) | 121,183,664 |

22. Earnings per share

| | 2023 \$ | 2022 \$ |
|--|--------------------|----------------------|
| Profit / (loss) after income tax used in the calculation of basic and diluted earnings per share | 25,712,722 | (83,747,702) |
| Basic and diluted earnings / (loss) per share | 12.30 cents | (37.64) cents |

| | 2023 Number of Shares | 2022 Number of Shares |
|--|-----------------------------|-----------------------------|
| Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted earnings / (loss) per share | 209,129,922 | 222,471,163 |

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

Directors' Declaration

In accordance with a resolution of the Directors of Regal Asian Investments Limited (**the Company**), the Directors of the Company declare that:

- a) the financial statements and notes set out on pages 17 to 36 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - ii) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended 30 June 2023;
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c) Note 2(b) to the financial statements confirms compliance with International Financial Reporting Standards; and
- d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



Lawrence Myers
Independent Chairman
Sydney
16 August 2023

Pitcher Partners Sydney Partnership

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**Independent Auditor's Report
To the Members of Regal Asian Investments Limited
ABN 58 635 219 484**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Regal Asian Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ending 30 June 2023, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Regal Asian Investments Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the matter |
|---|---|
| <p>Existence, Completeness and Valuation of Financial Assets and Financial Liabilities Refer to Note 9: Financial assets and liabilities at fair value through profit or loss</p> | |
| <p>We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Financial assets consist of listed securities and are considered to be non-complex in nature with fair value based on readily observable market data. Consequently, these investments are classified under Australian Accounting Standards as "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the design and implementation of the investment management processes and controls; ▪ Reviewing and evaluating the independent auditors' reports on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians. Additionally, making enquiries of and obtaining a bridging letter from the Custodians as to whether there have been any changes to these controls or their effectiveness; ▪ Reviewing and evaluating the independent auditors' report on internal controls (ASAE 3402 Assurance Report on Controls at a Service Organisation) for the Administrator. Additionally, making enquiries of and obtaining a bridging letter from the Administrator as to whether there have been any changes to these controls or their effectiveness. ▪ Obtaining confirmation of the investment holdings directly from the Custodians; ▪ Recalculating and assessing the Company's valuation of individual investment holdings to independent pricing sources; ▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements. |
| <p>Accuracy of Management Fees and Performance Fees Refer to Note 10: Trade and other payables, Note 16 Related party transactions</p> | |
| <p>We focused our audit effort on the accuracy of calculating the management fees and performance fees as they are significant expenses of the Company and their calculation may require adjustments for major events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager. Key inputs include portfolio composition and valuation and high watermark mechanism in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the design and implementation of controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the year and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments for major events such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs such as portfolio composition and valuation, set percentage used in the calculation of management and performance fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements. |

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**Independent Auditor's Report
To the Members of Regal Asian Investments Limited
ABN 58 635 219 484**

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the financial year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 13 of the Directors' Report for the financial year ended 30 June 2023. In our opinion, the Remuneration Report of Regal Asian Investments Limited, for the financial year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner

16 August 2023



Pitcher Partners
Sydney

Investment Portfolio

As at 30 June 2023

Financial assets (securities held long) as at 30 June 2023 (in alphabetical order):

| Company name | Stock code |
|---|-------------------|
| AIA Group Limited | 1299 HK |
| Alibaba Group Holding Limited | 9988 HK |
| Alpha HPA Limited | A4N AU |
| Ampol Limited | ALD AU |
| Baidu Inc. | 9888 HK |
| China Communications Services Corporation Limited | 0552 HK |
| China Railway Group Limited | 0390 HK |
| China Suntien Green Energy Corporation Limited | 0956 HK |
| Coles Group Limited | COL AU |
| Daifuku Co Limited | 6383 JP |
| Ferrotec Holdings Corporation | 6890 JP |
| Glencore plc | GLEN LN |
| JGC Holdings Corporation | 1963 JP |
| Komatsu Limited | 6301 JP |
| Meituan | 3690 HK |
| NEC Corporation | 6701 JP |
| Nihon Kohden Corporation | 6849 JP |
| Olympus Corporation | 7733 JP |
| PEXA Group Limited | PXA AU |
| Prosus N.V. | PRX NA |
| Samsonite International S.A. | 1910 HK |
| Shimadzu Corporation | 7701 JP |
| Stanmore Resources Limited | SMR AU |
| Syrah Resources Limited | SYR AU |
| Takeda Pharmaceutical Company Limited | 4502 JP |
| Tencent Holdings Limited | 700 HK |
| Toyota Industries Corporation | 6201 JP |
| TravelSky Technology Limited | 0696 HK |
| Ventia Services Group Limited | VNT AU |
| ZJLD Group Inc. | 6979 HK |

Short positions are not disclosed.

Shareholder Information

The Shareholder information set out below was applicable as at 31 July 2023.

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

a) Substantial Holders

The following parties have notified the Company that they have a substantial relevant interest in the ordinary shares of Regal Asian Investments Limited in accordance with section 671B of the *Corporations Act 2001*:

| Name | Ordinary shares | |
|---|-----------------|---------------------------|
| | Number held | % of total shares issued* |
| Regal Partners Limited and its associates | 33,519,539 | 16.77 |
| Pine Ridge Holdings Pty Ltd | 12,000,000 | 5.39 |

* Based on the last substantial shareholder notices lodged.

b) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder present at a meeting or by proxy has one vote on a show of hands.

c) Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

d) Unquoted Securities

There are no unquoted shares.

e) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

| Holding | Ordinary shares | | |
|------------------|--------------------|--------------------|----------------|
| | No of Shareholders | Shares | Percentage (%) |
| 1 - 1,000 | 160 | 52,529 | 0.03 |
| 1,001 - 5,000 | 497 | 1,609,202 | 0.81 |
| 5,001 - 10,000 | 587 | 4,802,103 | 2.41 |
| 10,001 - 100,000 | 1,654 | 51,156,213 | 25.66 |
| 100,001 and over | 125 | 141,702,740 | 71.09 |
| Total | 3,023 | 199,322,787 | 100.00 |

There were 83 holders of less than a marketable parcel of ordinary shares.

f) Equity security holders

Twenty largest quoted equity security holders as at 31 July 2023:

| Name | Ordinary shares Number held | Percentage of issued shares (%) |
|---|--|--|
| HSBC Custody Nominees (Australia) Limited | 38,807,845 | 19.470 |
| Regal Partners Limited | 20,569,803 | 10.320 |
| Citicorp Nominees Pty Limited | 12,700,038 | 6.372 |
| National Nominees Limited | 7,881,399 | 3.954 |
| BNP Paribas Nominees Pty Ltd - Ib Au Noms Retailclient DRP | 6,298,562 | 3.160 |
| UBS Nominees Pty Ltd | 5,563,712 | 2.791 |
| Luciano Family Group Investments Pty Ltd | 5,090,545 | 2.554 |
| BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd - DRP A/C | 2,795,341 | 1.402 |
| Netwealth Investments Limited - Wrap Services A/C | 2,649,534 | 1.329 |
| Dorothy Productions Pty Ltd | 2,277,162 | 1.142 |
| Citicorp Nominees Pty Limited - DPSL A/C | 1,890,078 | 0.948 |
| Transfield Finance Pty Ltd | 1,743,237 | 0.875 |
| HSBC Custody Nominees (Australia) Limited - A/C 2 | 1,657,105 | 0.831 |
| Buttonwood Nominees Pty Ltd | 1,397,514 | 0.701 |
| Liangrove Group Pty Ltd | 1,245,000 | 0.625 |
| Mr Stephen Craig Jermyn - Jermyn Family S/Fund A/C | 1,000,000 | 0.502 |
| SCJ Pty Limited - Jermyn Family A/C | 1,000,000 | 0.502 |
| J P Morgan Nominees Australia Pty Limited | 991,560 | 0.497 |
| Bond Street Custodians Limited - JJH1 - V01845 A/C | 929,871 | 0.467 |
| Morgcam Pty Ltd | 917,497 | 0.460 |
| | 117,405,803 | 58.902 |

g) Securities Subject to Voluntary Escrow / Reinvestment Agreements

Entities associated with Robert Luciano, Douglas Tynan and Robert Poiner have entered into a Reinvestment Agreement with Regal Partners Limited and RG8, pursuant to which was agreed, to the maximum extent permitted by law, to re-invest, from the dividends received from Regal Partners Limited, their 'look through' after tax share of any performance fees received by the Manager from the Company, multiplied by the dividend payout ratio for the Regal Partners Limited dividend, into fully paid ordinary shares in RG8. Further information is set out in RG8's prospectus.

Corporate Directory

Board of Directors

Lawrence Myers – Independent Chairman
David F Jones AM
Adelaide H McDonald
William F Brown

Company Secretary

Ian Cameron

Investor Relations

Ingrid L Groer

T: 1800 571 917 (inside Australia)
T: +61 2 9237 8923 (outside Australia)
E: investorrelations@regalpartners.com

Investment Manager

Regal Asian Investments Management Pty Limited
ABN 84 635 179 538

Investment Advisor

Regal Funds Management Pty Limited
AFSL 277737

Registered Office

39 Phillip Street
Sydney NSW 2000

Website

www.vgipartners.com/lics/rg8

Share Registrar

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000
T: 1300 737 760 (inside Australia)
T: + 61 2 9290 9600 (outside Australia)
E: enquiries@boardroomlimited.com.au

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registrar.

Auditor

Pitcher Partners
Level 16, Tower 2, Darling Park
201 Sussex St
Sydney NSW 2000
T: + 61 2 9221 2099

Prime Brokers and Custodians

Morgan Stanley & Co. LLC
1585 Broadway, 6th Floor
New York, NY 10036, United States of America

Goldman Sachs & Co. LLC
200 West Street, 29th Floor
New York, NY 10282, United States of America

ASX Code

RG8

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