

Value Partners Group Limited

Incorporated in the Cayman Island with limited liability
A company listed on the Hong Kong Stock Exchange
Stock code: 806 HK



2019 Interim Results

For the six months ended 30 June 2019

Results Presentation, 19 August 2019

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Financial highlights

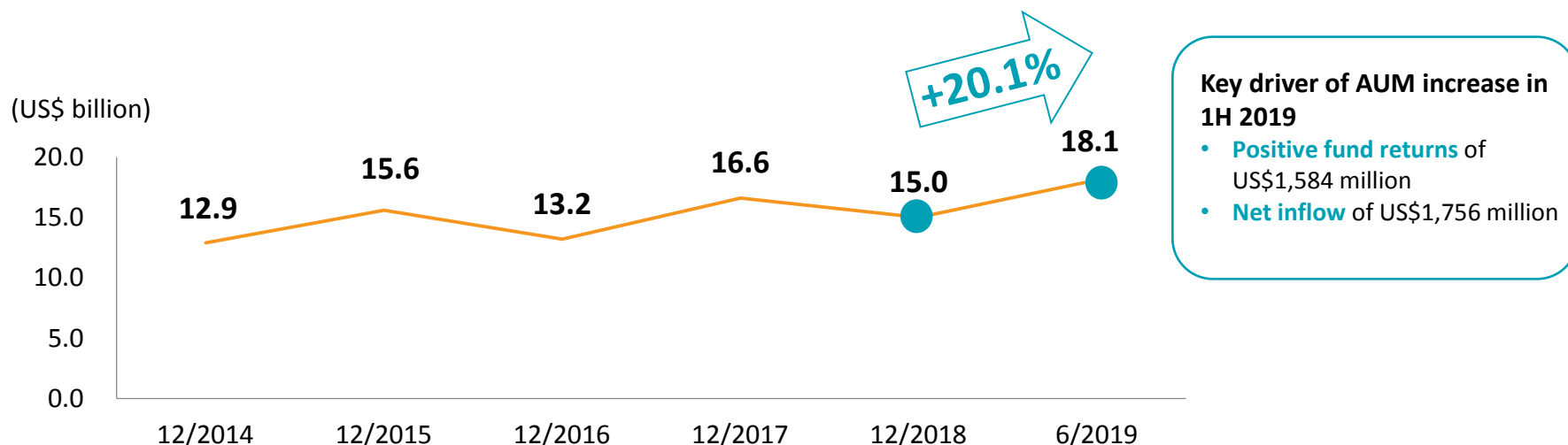
*By Icy WONG
Chief Financial Officer*

Financial highlights

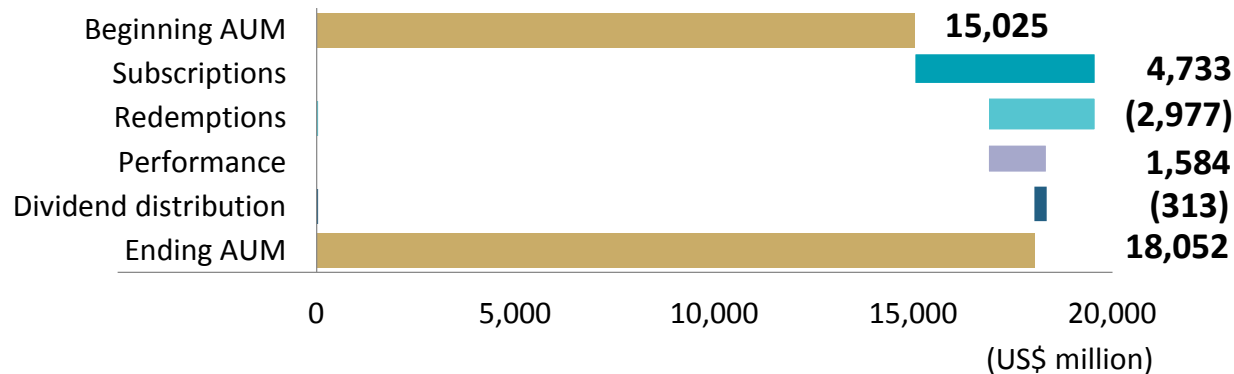
(In HK\$ million)	1H 2019	1H 2018	% Change
Profit attributable to owners of the Company	250.9	194.3	+29.1%
Total revenue	815.1	958.1	-14.9%
Gross management fees	679.5	712.9	-4.7%
Gross performance fees	3.4	50.7	-93.3%
Total expenses	(258.5)	(266.9)	-3.1%
Operating profit (before other gains or losses)	162.0	246.1	-34.2%
Other gains (losses) - net	107.4	(55.4)	+293.9%
Basic earnings per share (HK cents)	13.5	10.5	+28.6%
Diluted earnings per share (HK cents)	13.5	10.5	+28.6%
Interim dividend per share (HK cents)	Nil	Nil	

Assets under management (“AUM”)

Value Partners’ AUM rose to US\$18.1 billion as of 30 June 2019



AUM change in 1H 2019



AUM analysis

Classification by brand

- Own Branded Funds
- White Label & Co-branded Funds

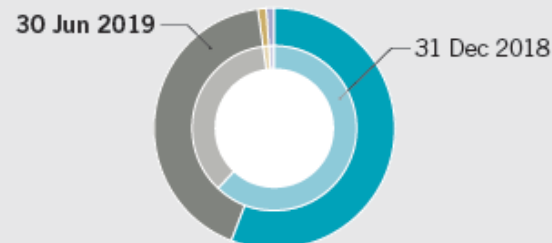
	30 Jun 2019	31 Dec 2018
Own Branded Funds	73%	72%
White Label & Co-branded Funds	27%	28%



Classification by strategy

- Absolute Return Long-biased Funds
- Fixed Income Funds
- Quantitative Funds & ETF
- Alternative Funds

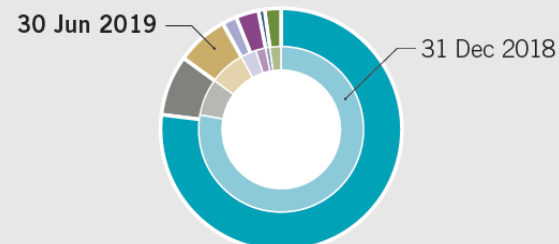
	30 Jun 2019	31 Dec 2018
Absolute Return Long-biased Funds	56%	62%
Fixed Income Funds	42%	36%
Quantitative Funds & ETF	1%	1%
Alternative Funds	1%	1%



Client analysis by geographical region

- Hong Kong SAR
- Mainland China
- Singapore
- Europe
- United States
- Australia
- Others

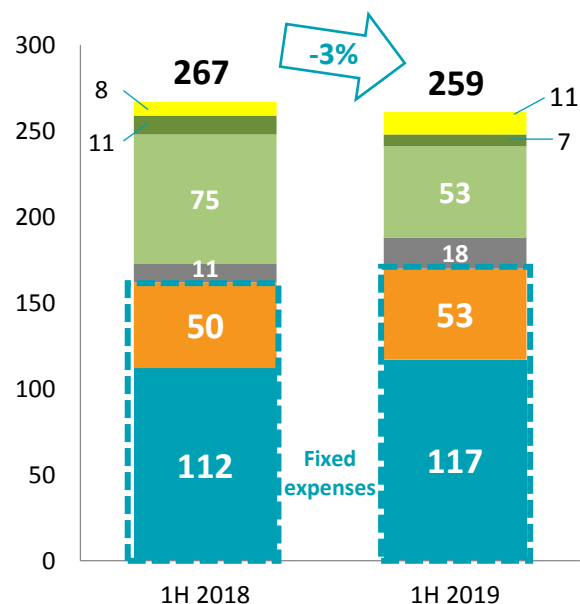
	30 Jun 2019	31 Dec 2018
Hong Kong SAR	77%	78%
Mainland China	8%	7%
Singapore	7%	7%
Europe	3%	2%
United States	2%	3%
Australia	1%	1%
Others	2%	2%



Stringent cost control

Total expenses

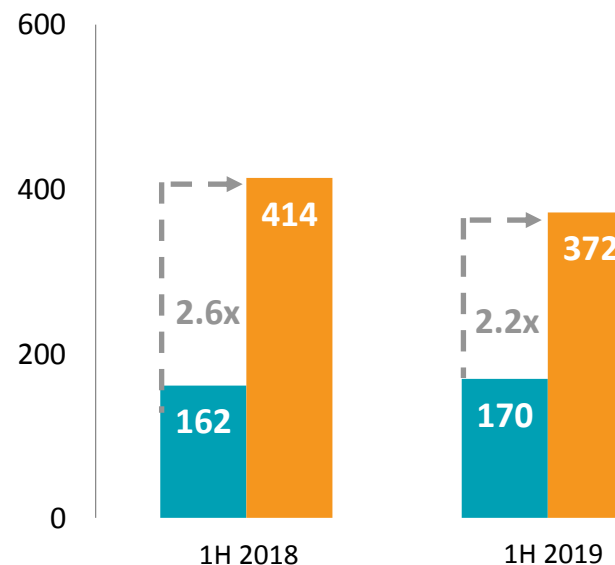
(HK\$ million)



- Others³
- Sales and marketing
- Other compensation and benefits⁴
- Share-based compensation expenses
- Other fixed operating costs
- Fixed salaries and staff benefits

Fixed cost coverage ratio

(HK\$ million)



- Fixed expenses¹
- Net management fees²

1. Fixed expenses mainly represent fixed salaries and benefits, rent, investment research, other administrative and office expenses for asset management business.
2. The Group is deemed to be holding a controlling interest in certain investment funds, and net management fees before consolidation adjustments for such investment fund is used for calculating the fixed cost coverage ratio.
3. Others includes depreciation and non-recurring expenses.
4. Other compensation and benefits includes the management bonus and staff rebates.

Strong balance sheet

As at 30 June 2019	HK\$ millions
ASSETS	
Current assets	2,377
• Cash & equivalents ¹	• 2,117
• Fees receivable	• 141
• Investments ²	• 71
Non-current assets	2,208
• Investments (including investment in JV and investment property) ²	• 2,072
Total assets	4,585
LIABILITIES	
Current liabilities	332
• Accrued bonus	• 74
• Distribution fee expenses payable	• 174
Non-current liabilities	120
Total liabilities	452
EQUITY	
Equity attributable to owners of company	4,133
• Issued equity	• 1,410
• Retained earnings	• 2,476
Total equity	4,133

1. Cash & equivalents includes the balance sheet items of Cash and cash equivalents and Deposits with brokers;

2. Net Investments (including investments, investment in a joint venture and investment property) = HK\$2,143 million

Business review

By Dr. AU King Lun MH, PhD
President

Delivering growth



Global footprint

- ✓ Opened **Boston office** to act as a distribution hub for North America
- ✓ In **Europe**, completed the restructuring of UCITS fund platform
- ✓ Target to launch new innovative products including Shariah-compliant funds and Southeast Asia-focused smart ETFs in **Malaysia**
- ✓ Gained good traction with our private banking partners in **Singapore**

Product suite expansion

- ✓ Launched the **Asian Innovation Opportunities Fund** in Hong Kong
- ✓ **Alternatives** as the focus of the next phase of our product suite expansion
- ✓ Completed successfully the first closing of our **Asia Pacific-focused private debt fund** in Jan
- ✓ Aim to complete our inaugural onshore private equity fund on the mainland focusing on the higher education sector in the near future

Mainland China business

- ✓ **AUM** on mainland China increased by over 35%, accounting for 8% of the Group's AUM
- ✓ Established a total of 6 **private fund management** ("PFM") mandates since the license was granted in Nov 2017
- ✓ Launched our Flagship Classic Fund under the **Mutual Recognition of Funds** ("MRF") program
- ✓ Ranked as a **Top 10 Wholly Foreign Owned Enterprise** ("WFOE") operating on the mainland by Z-Ben Advisors

Mainland: Further breakthroughs and accelerating growth

- ✓ Established **WFOE in Shanghai** to provide investment advisory services
- ✓ Opened office in **Shanghai**
- ✓ Granted **QDLP quota** of US\$100 million
- ✓ Established **WFOE in Shenzhen**, which was granted the **QFLP** license
- ✓ First HK asset manager to be granted a **PFM** license on the mainland of China

Private Funds/ PFM Business

- ✓ Launched 4 PFM funds in 2018

Onshore Private Equity Business

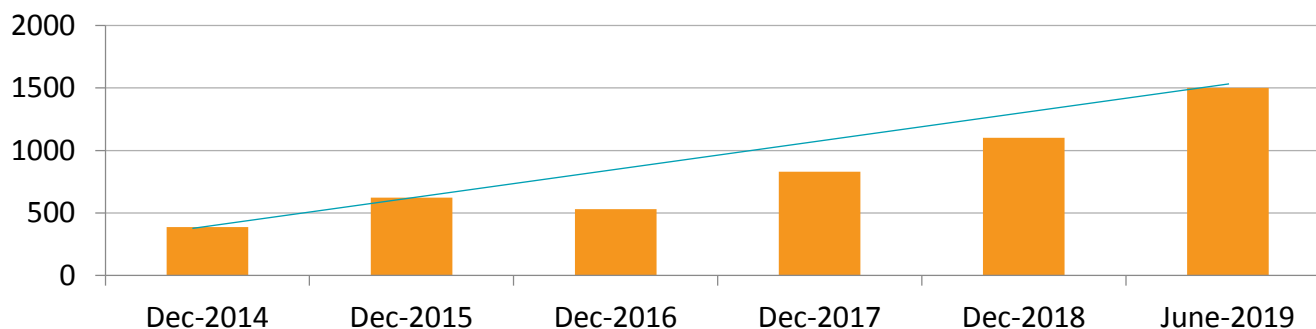
- ✓ Opened Shenzhen office in January
- ✓ Signed agreement with China Education Group to establish the China Education Fund

Mutual Recognition of Funds

- ✓ Classic Fund received approval
- ✓ Applied for High-Dividend Stocks Fund to join

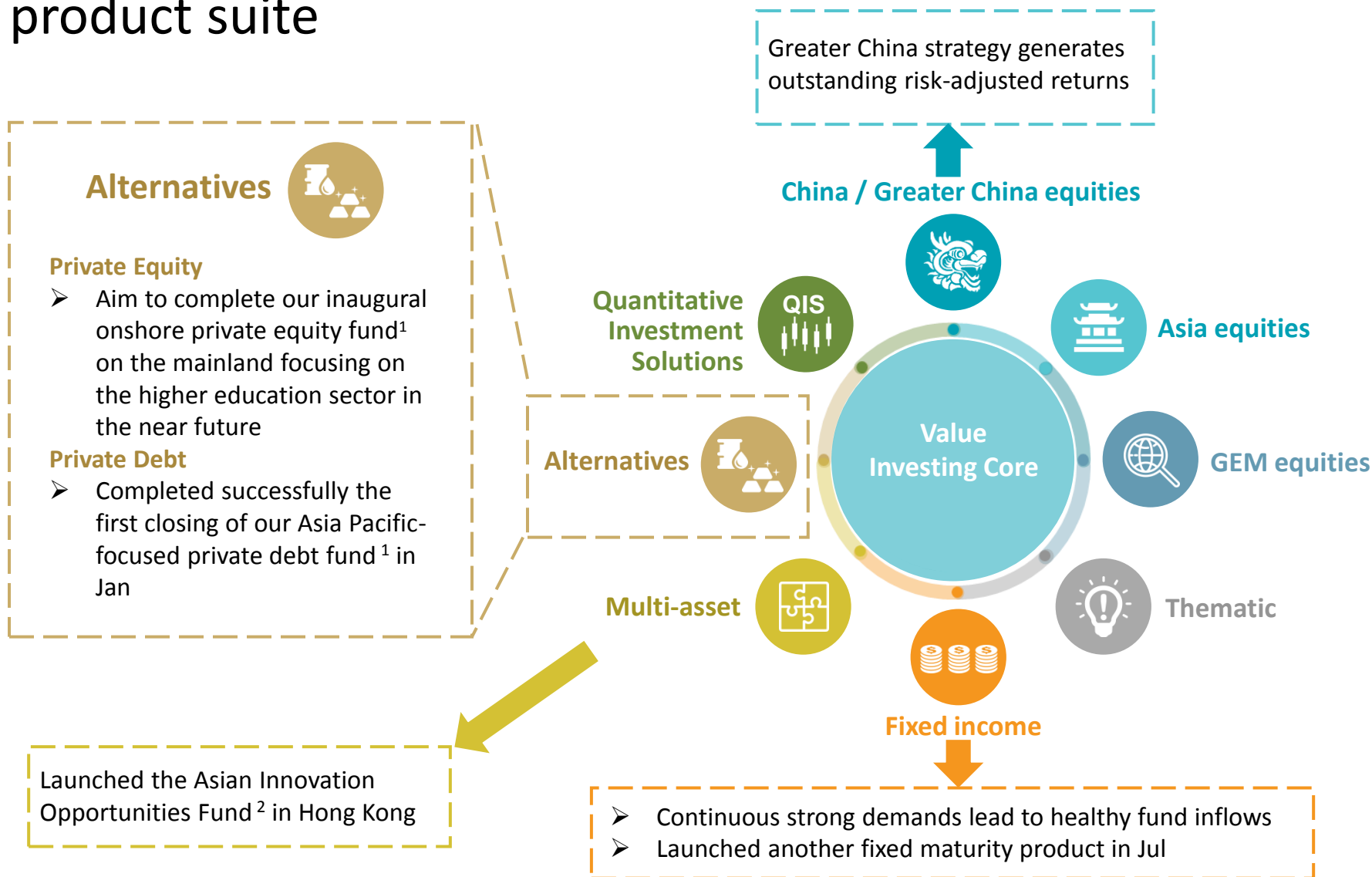


China AUM (in USD millions)



- ✓ Launched **Flagship Classic Fund** on the mainland under the **MRF** program in Mar with Tianhong Asset Management
- ✓ Established a total of 6 **PFM** mandates

Alternatives: strides in expanding product suite



1. The funds are not authorized by the Securities and Futures Commission and are not available to the general public in Hong Kong.
 2. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Growing international presence

Europe

- UCITS funds are seeing strong inflows following revamp of products to better fit European institutional investors
- Completed the restructuring of our UCITS fund platform
- Planning to register selected UCITS funds for sales in Hong Kong and other parts of Asia

Other Growth Markets

- **Taiwan:** Received good inflows from institutional investors into our fixed income and equity products; recently appointed a local master agent to help introduce our flagship funds to local investors

London office

Boston office

North America

- Expanded our presence farther afield with the opening of our U.S. office in Boston in January 2019

Hong Kong headquarters

Beijing office

Shanghai office

Shenzhen office

Singapore office

Kuala Lumpur office

Southeast Asia

- Target to launch new innovative products including Shariah-compliant funds and Southeast Asia-focused smart ETFs in Malaysia
- Gained good traction with our private banking partners in Singapore

Investor relations contacts

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Top 10 Wholly Foreign Owned Enterprise (WFOE)
operating in China by Z-Ben Advisors
Value Partners

Asia Asset Management 2019 Best of the Best Awards
Best WFOE House
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Most Promising WFOE Private Fund Houses
10th Golden Sunshine Award
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