

【For Immediate Release】

China Market Outlook and Investment Strategy

**Value Partners expects China economy to catch up in the second half of 2020 and believes China A-shares and Hong Kong stocks are relatively attractive*

(Hong Kong, 19 May 2020) - Value Partners Group Limited (“Value Partners” or “the Group”, Hong Kong Stock Code: 806) shares the latest views on China market outlook and investment strategy amid the impact by COVID-19 at a media briefing held today.

Value Partners’ Senior Fund Manager Mr. YU Chen Jun details China’s economic and equities outlook for the rest of 2020, analyses the market implications of the impending “Two Sessions” (“Lianghui”), and shares our stock-picking strategy in the New Economy space and growth stocks. Meanwhile, **Mr. Wallace TSANG, our Regional Head, Intermediary Business, Asia Pacific**, provides insights on investors’ allocation and preferences under the current market environment.

Mr. YU expects China’s economy to perform well in the third and fourth quarter of the year, which will serve as a major growth contributor to the full year GDP. He believes the recovery trajectory will be in a shape of “U” or “W” letter, meaning that the economy may hover at the bottom for some time before a real recovery.

Talking about the upcoming “Two Sessions” meeting, **Mr. YU** reckons that the officials to convene the yearly gathering now carries a vital indication that the virus is widely contained on the mainland. He also expects the meeting will be the venue to announce fiscal package expansion and to provide clarity for the growth target, both favorable to market sentiment. At the same time, China is partially released from the uncertainties caused by the COVID-19 outbreak, and the reasonable amount of stimulus measures shall continue to support China’s economy.

Mr. YU thinks China A-shares and Hong Kong-listed mainland companies remain attractive in valuation. He outlines the key investment themes that align with China’s long-term development. “We stick to bottom-up stock selection and favor the sectors that are primarily driven by domestic demand, and those that participate in structural growth areas. Companies that exhibit healthy business normalization from the public health crisis and long-term resilience are also in favor,” says he. The highlighted sectors include internet economy, component makers for electric vehicles and the 5G-network, manufacturing upgrading as well as healthcare companies in China.

Mr. TSANG says: “From the information on hand, China is believed to be among the first to walk out of the crisis and the status quo presents an excellent opportunity for long term investors. The Hang Seng China Enterprises Index and the Hang Seng Index are trading below the 2008 Global Financial Crisis levels. We believe opportunities are many from this point and our products are well-positioned to capture them for our investors.”

Value Partners is one of Asia’s largest independent asset management firms and one of the first to enter the mainland China market as a foreign fund manager in the early 1990s. With 27 years’ track record, one of Asia’s largest on-the-ground investment teams, and sophisticated investment

process and quality service, Value Partners is well positioned to be one of the key players in the market as China continues to open up.

Regarding the pandemic situation, Value Partners believes in staying the course is essential, and investing with the basics has always been productive. Value Partners team has stayed calm and professional, and is focusing on the performance of funds, liquidity, with no compromises in its dedication to the best investment research and execution.

- End -

About Value Partners Group Limited

Value Partners is one of Asia's largest independent asset management firms that seek to offer world-class investment services and products. Assets under management of the firm were US\$11.3 billion as of 30 April 2020. Since its establishment in 1993, the firm has been a dedicated value investor in Asia and around the world. In November 2007, Value Partners Group became the first asset management firm to be listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 806 HK). In addition to its Hong Kong headquarters, the firm operates in Shanghai, Shenzhen, Kuala Lumpur, Singapore and London, and maintains representative offices in Beijing and Boston. Value Partners' investment strategies cover equities, fixed income, multi-asset, quantitative investment solutions and alternatives for institutional and individual clients in the Asia Pacific, Europe and the United States. For more information, please visit www.valuepartners-group.com.

Media enquiries:

Teresa Yu
Associate Director, Marketing and Communications
Email: teresayu@vp.com.hk
Tel: (852) 2143 0320

Daphne Duan
Manager, Marketing and Communications
Email: daphneduan@vp.com.hk
Tel: (852) 2143 0449