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Value Partners Group

Value Partners Group Limited
(Incorporated in the Cayman Islands with limited liability)
43rd Floor, The Center
99 Queen's Road Central, Hong Kong
Tel: (852) 2880 9263 Fax: (852) 2564 8487
Email: vpg@vp.com.hk

【For Immediate Release】

Value Partners Group announces 2021 interim results

The Group remains resilient despite volatile markets and
continues to make strong progress in three-pronged growth strategy

Key highlights:

- The Group reported a **net profit of HK$209.8 million**, which is up 67.2% compared to the first half of 2020. Total revenue increased 22.1% during the period.
- **The Group's Assets Under Management** ("AUM") **stood at US$13.0 billion** on 30 June 2021, with increased AUM in its owned branded funds, healthcare thematic products and Asian multi-asset strategy. AUM from overseas markets also saw strong growth.
- Value Partners' investment performance continues to be its key competitive advantage. **Its equities and thematic strategies recorded strong performance**.
- **Funds continue to see outperformance and continue to be in the industry-leading tier**. The Group's flagship Greater China equity product delivered returns of 9.1%[1] during the first six months this year. Its flagship Asia-focused high dividend equity product and a healthcare thematic product generated net returns of 9.6%[2] and 9.1%[3], respectively. The healthcare thematic product receives a 5-star ranking[4] from Morningstar.
- **The Group continues to capture opportunities in mainland China**:
  - Actively preparing for the launch of the Greater Bay Area Wealth Management Connect Scheme
  - Strengthen its distribution channels sales team, expanding coverage to multiple regions and client segments
  - Strengthen brand influence and direct-to-customer marketing, including traditional media/PR and innovative digital channels

Financial highlights:

(In US$ million)	30/6/2021	31/12/2020	Change
Assets under management	**12,985**	14,166	-8.3%
(In HK$ million)	**30/6/2021**	**30/6/2020**	**Change**
Profit attributable to owners of the Company	**209.8**	125.5	+67.2%
Total revenue	**707.8**	579.8	+22.1%
Gross management fees	**501.9**	519.6	-3.4%
Gross performance fees	**91.3**	15.6	+485.3%
Operating profit (before other gains)	**193.4**	114.7	+68.6%
Basic earnings per share (HK cents)	**11.3**	6.8	+66.2%
Diluted earnings per share (HK cents)	**11.2**	6.8	+64.7%
Interim dividend per share	**Nil**	Nil	

(Hong Kong, 12 August 2021) — Value Partners Group Limited (together with its subsidiaries, "Value Partners" or "the Group", Hong Kong Stock Code: 806) is pleased to announce its first half results for the period ended 30 June 2021.

The year 2021 began with hopes that the global economy was set to restart and gradually recover on the back of vaccine rollouts. However, inflationary and policy tightening concerns, as well as ongoing pandemic challenges, resulted in a mixed market. That said, Value Partners is pleased to share that despite a volatile period, its investment team continued to deliver strong performance for its investors in the first half of 2021. In addition, the Group is optimistic about the industry as a whole, with global investors showing strong interest in allocating more of their assets into the Asian market, particularly in China.

Ms. Angel TENG, Value Partners' Managing Director and Chief Strategy Officer, commented on the latest development on Group's business and strategy:

Since our update in March this year in the annual results announcement, we have seen significant progress in three strategic and growth areas. They are expanding our geographical and channel reach, extending our product range into new asset classes and capturing opportunities in China's onshore market. Moving forward, we continue to develop new initiatives to further drive growth.

On the geographical expansion front, we continued to receive strong inflows from the overseas markets. This year, our overseas AUM further grew from US$3.8 billion to US$4.2 billion, and increased its share of our AUM by 5%, accounting for almost one-third of our total AUM.

In Europe, riding on our successful GBP 500 million China mandate from M&G, which is one of the largest asset managers in Europe, we have received continuous interest from both institutional and high-net-worth channels in the region. We have continued to strengthen our UCITS fund range, with our product suite now ranging from China and Asia equities to fixed income and thematic products. Our on-the-ground team in the UK is well-positioned to provide local service to investors in the region.

In Japan, our strong local partner continues to bring in inflows to our healthcare and innovation strategies, with total AUM sourced from Japan quadrupling since 2019. In addition to expanding new channels in Japan, we are also launching a new ESG-focused fund with our partner, which can capture the interest from this growing theme.

In North America, we have received an additional sizable investment from an institutional investor for an Asian fixed income mandate in the first quarter of the year. We are also actively working with local partners to expand our distribution reach on the ground.

Ms. Steffanie YUEN, Value Partners' Managing Director, Head of Marketing, Communications and Investor Relations, commented on the Group's financial performance:

For the first half of 2021, we continued to see COVID-19 impacting the global financial markets. In spite of the challenging environment, our Group achieved a 67.2% increase in net profit amounting to HK$209.8 million. Our total revenue rose 22.1% to HK$707.8 million. Gross management fees, the Group's largest revenue contribution, decreased slightly by 3.4% to HK$501.9 million. Meanwhile, gross performance fees, driven by the solid performance of our equity funds during the period, increased 485.3% to HK$91 million.

During the period, our annualized gross and net management fee margin decreased slightly to 98 and 59 basis points respectively. This was due to the higher contribution of lower management fee AUM compared to the first half of 2020. This includes the notable mandate of more than GBP 500 million from M&G, which we had announced at the end of last year.

The Group's basic earnings per share for the period was 11.3 HK cents, an increase of 66.2% compared with 6.8 HK cents for the first half of 2020. Our fixed cost coverage ratio increased to 1.9 times during the period, compared with 1.7 times for the same period last year. We will continue to take a cautionary stance in cost management and optimize the allocation of resources to balance the need for investments into longer-term strategic projects while controlling low-priority spending.

Value Partners continues to run a strong balance sheet, with nearly HK$2 billion in cash and cash equivalents as of 30 June 2021. We also continued to maintain a position of zero corporate debt.

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Mr. Gary GUAN, Managing Director and Co-Head of China Business, shared progress on the Group's China business:

Our business in Mainland China continued to gather momentum during the period, and the team is on track to carry out our three-part strategy.

First, to strengthen distribution capabilities to reach more clients in new channels and new cities in China. As China's wealth continues to grow, we are investing more resources to capture the growing demand for wealth management services. We have expanded our team to cover new retail distribution networks, including a wide range of domestic and foreign banks, securities firms and third-party online distribution platforms.

Second, to capture new business opportunities, such as the Greater Bay Area ("GBA") Wealth Management Connect Scheme, as well as the opportunities arising from the opening up of China's financial markets to foreign asset managers. As we mentioned in previous presentations, the GBA posts a huge opportunity to us, as the population of GBA is 10 times of Hong Kong's, and total GDP is similar to the size of South Korea's. The GBA Wealth Connect would give GBA residents access to invest in offshore products that meet the schemes' requirements, such as mid- to low-risk products domiciled in Hong Kong. While many global fund houses may not meet these requirements, we have products ready to be included in the scheme.

Third, to enhance brand influence in China. In the world of professional investors, we have started to gain attention and received many industry awards. For example, we were named by *Asia Asset Management* as the "Best Wholly-Foreign Owned Enterprise (WFOE) in China, 2021". We were also awarded the "2020 Golden Changjiang Fast Growing Private Fund Award" by *Securities Times*. We hope to extend our influence to retail and high net worth channels.

We are very confident that the opening and the continuous growth of the China asset management industry will be a key growth driver to our business, and we are well-positioned to become a leading foreign player in the market.

For more details, please download the full **Interim Results Announcement**.

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1. *Annual calendar returns of the Group's flagship Greater China equity product over the past five years: 2016: -3.2%; 2017: +44.9%; 2018: -23.1%; 2019: +32.4%; 2020: +37.6%; 2021 (year to date as at 30 June): +9.1%.*
2. *Annual calendar returns of the Group's flagship Asia-focused high dividend equity product over the past five years: 2016: -0.2%; 2017: +32.9%; 2018: -14.2%; 2019: +14.9%; 2020: +13.9%; 2021 (year to date as at 30 June): +9.6%.*
3. *Annual calendar returns of the Group's healthcare thematic product over the past five years: 2016: +1.9%; 2017: +20.8%; 2018: -5.4%; 2019: +21.0%; 2020: +34.4%; 2021 (year to date as at 30 June): +9.1%.*
4. *© Morningstar 2021. All Rights Reserved. Morningstar rating as of 30 June 2021. Morningstar ranks mutual funds on a scale of one to five stars, based on past performance relative to peer funds. Star ratings are graded on a curve; the top 10% of funds receive five stars, the next 22.5% receive four stars. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.*

Source for performance figures: HSBC Institutional Trust Services (Asia) Limited, HSBC Institutional Trust Services (Ireland) DAC and Bloomberg. Data as of 30 June 2021. Past performance is not indicative of future performance. Performance is calculated in USD, NAV to NAV, with dividend reinvested and net of fees.

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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. The company's assets under management were US$13.0 billion as of 30 June 2021 *(unaudited)*. Since its establishment in 1993, the company 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 office in Beijing. Value Partners' investment strategies cover equities, fixed income, multi-asset, quantitative investment solutions, and alternatives for institutional and individual clients in 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