

【 For Immediate Release 】
Value Partners Group announces 2022 interim results
Key highlights:

- The Group's balance sheet remained strong, with a cash balance of HK\$1.6 billion and zero corporate debt.
- Reported an operating loss of HK\$45 million and net loss of HK\$429 million, mainly dragged by the unrealized investment losses from house investments.
- Gross management fees decreased 39%, while total revenue squeezed to HK\$332 million.
- Total expenses slightly increased by 5% as the Group continues to maintain stringent cost control.
- At the end of June 2022, the Group's assets under management ("AUM") stood at US\$7.5 billion, given the weak market sentiment during the first half of 2022.
- The Group continues to make progress on its three-pronged strategy to capture structural growth of Asia's wealth management demand, particularly in China:
 - Strengthening of sales and marketing channels
 - Asset class expansion and ESG
 - Capturing opportunities in China's market opening

Financial highlights:

(In US\$ million)	30/6/2022	31/12/2021	Change
Assets under management	7,492	10,037	-25.4%
(In HK\$ million)	30/6/2022	30/6/2021	Change
(Loss)/Profit attributable to owners of the Company	(428.6)	209.8	-304.3%
Total revenue	331.9	707.8	-53.1%
Gross management fees	307.3	501.9	-38.8%
Gross performance fees	0.9	91.3	-99.0%
Operating (loss)/profit (before other gains/losses)	(44.9)	193.4	-123.2%
Basic (loss)/earnings per share (HK cents)	(23.2)	11.3	-305.3%
Diluted (loss)/earnings per share (HK cents)	(23.2)	11.2	-307.1%
Interim dividend per share	Nil	Nil	

(Hong Kong, 11 August 2022) — 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 of 2022 results for the period ended 30 June 2022.

The first half of 2022 continued to be challenging, with global markets broadly under pressure, including China and Asia. At the forefront of investors' concerns are the unexpected rising geopolitical tensions between Russia and Ukraine and the surging energy and commodity prices that drastically changed the world's inflation expectations. In addition, the US Fed and other central banks have started hiking interest rates at a faster-than-expected pace to combat persistently high inflation, which has much eroded the purchasing power of most consumers. Investor concerns now have turned to a possible recession, especially in the U.S., which has become one of the risk factors driving further weakness.

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Elsewhere, the Omicron-induced lockdowns in China in the first half, notably in Shanghai and Beijing, further weighed on economic activities and led to supply chain disruptions. While the rest of the world has started to reopen their economies, Value Partners remains cautious about China's zero-Covid strategy and how it could further impact the country's economy.

During the first six months of 2022, the MSCI China Index was down 11.3%¹. The broader MSCI AC Asia (ex-Japan) Index also slumped, down 16.3%¹ during the same period. Given the dampened investor sentiment, the Group's funds' performances and corporate profitability dragged during the first half of 2022.

Nevertheless, despite the challenging period, the Group remains committed to developing its business and strengthening its franchise, with new senior hires to bolster its capabilities. The Group also has made progress with expanding its product suite, with more plans and initiatives to extend its client reach.

Ms. June WONG, Value Partners' Chief Executive Officer, highlights three key industry macro trends that remain favorable to Value Partners' business:

First, Value Partners is focused on the wealth management client segment. A post-Covid survey suggests that the growth potential of the wealth management market in Asia continues to be huge. Despite the pandemic, the wealth management market in Asia is expected to continue to enjoy significant growth in the coming years, reaching 15 to 19 trillion US dollars in 2025. With this exciting growth trend, Value Partners saw a distinct demand from global investors.

The Group also sees strong and also increasing demand from global investors for China as an investment. In a recent survey, 93%, or the majority of global institutional investors, confirmed the increasing importance of China assets in their portfolios. This was well supported by the rising foreign investment into China's onshore stocks and bonds in recent years. The Group could see that the foreign onshore portfolio investment amount, including stocks and bonds, has grown from around RMB 700 billion in 2014 to around RMB 5.7 trillion in 2020. This implied an impressive CAGR of more than 30%, showing the strong demand for China asset classes from institutional investors.

The third growth driver is on ESG. ESG has become a key structural trend in the industry. ESG-mandated assets used to constitute only around less than 30% of all professionally managed assets globally in 2014. It is projected to rise to more than half, to 58%, by 2024, reflecting the increasing demand for sustainability-related mandates from investors globally. It is also expected that ESG incorporation may no longer be a differentiator for investors alone but rather a standard requirement in their investment process.

To capture these long-term powerful drivers, the Group continues to execute upon its three-prong growth strategy and strong progress was made during the period:

1. Strengthening of sales and marketing channels

In Hong Kong, the Group continued to strengthen its management leadership in the first half of 2022. The Group enhanced its front-, middle- and back-office functions with few hires. A key function to highlight, among others, is the enhanced Client Portfolio Management team in the second quarter this year, which is a strategic function in the Group's business in terms of asset class expansion support. The enhanced function contributed a lot to its latest franchise development.

The product expansion plan in the Group's home market Hong Kong is seeing good progress. In July, Value Partners launched its HK-listed Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF on the Hong Kong Stock Exchange. This is part of its ETF franchise build-out. On the ESG end, its next product is underway, which will ride on the growth trend of ESG.

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On the business front, Value Partners is in quite substantive discussions regarding the formation of a strategic alliance with a leading local banking group. This is going to be a very exciting, multi-dimensional strategic collaboration capturing the growth potential in Hong Kong and the Greater Bay Area.

In Hong Kong, the Group's relationship-building efforts with existing important channels, including banks and insurance companies, continued, which provided strong support to its flagship and focus funds. In the overseas market, the Group saw 3 exciting phenomena that showed strong demand from overseas institutional investors. First, the Group continued to see increasing inbound enquiries from investors from different regions this year. Second, its strong brand recognition continued to support the Group with decent inflows from a major financial institution in the UK. Third, the Group saw an increased number of RFPs and finals this year.

2. Asset class expansion and ESG

The first half of 2022 marked a challenging period for the asset management industry, with a negative impact on short-term performance across major asset classes. Despite the adverse environment, the Group's flagship high dividend Asian equity strategy recorded solid inflows in the first half. In May this year, the product was named the best fund in the Asia ex-Japan Equity category by *AsianInvestor's* Asset Management Awards 2022. This credential clearly shows the Group's strong performance and brand recognition.

On the multi-asset franchise build-out, the Group's focus strategy - the Asian Income strategy - was successfully onboarded by two more leading distribution channels in Hong Kong. Value Partners will continue to support its distribution channels with its top-class services and brand-building initiatives.

Furthermore, the Group broadened its innovation journey through its partnership with EMQQ Global ("EMQQ") in the United States to create Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF. This ETF was successfully listed on the Hong Kong Stock Exchange in July 2022. It brings together the complementary strengths of Value Partners and EMQQ. Value Partners offers its strong on-the-ground Asian research and investor coverage, while EMQQ has been an ETF specialist for emerging and frontier markets for almost a decade.

The Group's efforts to diversify its product capabilities continued. Its ESG-related product development is on a solid track this year. Its real estate strategy saw robust growth in terms of third party AUM and also achieved outstanding above-benchmark performance since inception.

Beyond Hong Kong, its other fixed income product, the All China Bond strategies, was onboarded on the Greater Bay Area Wealth Connect Scheme. Value Partners is committed to asset class expansion and will continue with its diversification efforts.

Many institutional investors from overseas are keen to incorporate ESG in their portfolios, as they believe it is a key differentiator in their investment. Value Partners embraces ESG values similar to its clients. The Group has a strong conviction that ESG can provide better risk-adjusted returns for its clients and stakeholders.

In 2021, we successfully achieved 100% portfolio coverage of listed equities and fixed income issuers with our proprietary assessment. The Group started to provide monthly proprietary ESG reports in the first half of 2022, which include ESG scores at the fund level, and ESG rating distribution at the firm level, among others. While Asia ESG research, particularly in China, remains inefficient given language or other barriers, Value Partners is well-positioned to dig deeper with its on-the-ground research team. Driven by strong market demand, the Group believes that ESG will continue to be a long-term competitive advantage for themselves in the coming years.

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3. Capturing opportunities in China's market opening

Value Partners has 13 years of history operating in Mainland China. Its current core business continued to be well supported by four key pillars, including institutional clients, private fund management ("PFM") and qualified domestic limited partnership ("QDLP") mandates, retail clients via the Mainland-Hong Kong Mutual Recognition of Funds ("MRF"), and the opportunities arising from the Greater Bay Area ("GBA") Wealth Management Connect ("WMC") Scheme.

For more details on the Group's business and strategy updates, please download the [Results Announcement](#) and the [2022 Interim Results Presentation](#).

1. MSCI, 30 June 2022.

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About Value Partners Group Limited

Value Partners, one of Asia's largest independent asset management firms, seeks to offer world-class investment services and products. 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 a representative office in Beijing. Value Partners' investment strategies cover equities, fixed income, multi-asset, alternatives, real estate and quantitative investment solutions, for institutional and individual clients in the Asia-Pacific, Europe and the United States. For more information, please visit www.valuepartners-group.com.

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