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VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

**INTERIM RESULTS ANNOUNCEMENT FOR
THE PERIOD ENDED 30 JUNE 2024**

FINANCIAL HIGHLIGHTS

The key financial highlights for the reporting period are as follows:

(In HK\$ million)	For the period ended 30 June		
	2024	2023	% Change
Total revenue	235.7	276.8	-14.8%
Gross management fees	200.8	245.9	-18.3%
Gross performance fees	9.7	–	
Operating profit/(loss) (before other gains/losses)	0.6	(3.0)	+120.0%
Profit attributable to owners of the Company	37.4	4.9	+663.3%
Basic earnings per share (HK cents)	2.0	0.3	+566.7%
Diluted earnings per share (HK cents)	2.0	0.3	+566.7%
Interim dividend per share	Nil	Nil	

INTERIM RESULTS

The Board of Directors (the “Board”) of Value Partners Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the period ended 30 June 2024.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 Unaudited	2023 HK\$'000 Unaudited
Income			
Fee income	2	235,751	276,785
Distribution fee expenses		(106,491)	(125,693)
Net fee income		129,260	151,092
Other income		32,038	37,253
Total net income		161,298	188,345
Expenses			
Compensation and benefit expenses	4	(98,528)	(126,223)
Operating lease rentals		(3,372)	(3,293)
Depreciation of right-of-use assets – properties		(7,501)	(8,312)
Other expenses		(51,295)	(53,552)
Total expenses		(160,696)	(191,380)
Operating profit/(loss) (before other gains/losses)		602	(3,035)
Net gains on investments		108,140	9,164
Fair value loss of an investment property	8	–	(3,916)
Net foreign exchange losses		(17,636)	(9,077)
Gains on disposal of a subsidiary		965	–
Others		550	–
Other gains/(losses) – net	3	92,019	(3,829)
Operating profit/(loss) (after other gains/losses)		92,621	(6,864)
Finance costs		(4,318)	(3,298)
Share of (losses)/gains on joint ventures	9	(45,965)	17,260
Profit before tax		42,338	7,098
Tax expense	5	(4,973)	(2,218)
Profit for the period attributable to owners of the Company		37,365	4,880
Other comprehensive loss for the period – Item that may be subsequently reclassified to profit or loss			
Foreign exchange translation		(8,930)	(9,924)
Total comprehensive income/(loss) for the period attributable to owners of the Company		28,435	(5,044)
Earnings per share attributable to owners of the Company (HK cents per share)			
Basic earnings per share	6	2.0	0.3
Diluted earnings per share	6	2.0	0.3

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	<i>Note</i>	30 June 2024 <i>HK\$'000</i> Unaudited	31 December 2023 <i>HK\$'000</i> Audited
Non-current assets			
Property, plant and equipment		149,516	156,232
Right-of-use assets		38,681	46,153
Investment property	8	187,576	191,080
Intangible assets		11,428	12,728
Investments in joint ventures	9	512,565	606,068
Investment in an associate		1,009	–
Deferred tax assets		3,593	3,414
Investments	10	1,575,035	1,746,875
Other assets		7,278	7,293
		2,486,681	2,769,843
Current assets			
Investments	10	179,879	179,442
Fees receivable	12	46,927	56,325
Tax receivable		553	35
Deposits for purchase of investments	13	27,002	26,967
Amounts receivable on sales of investments		74,233	42,953
Prepayments and other receivables		23,318	26,254
Cash and cash equivalents	14	922,361	1,558,885
Investments held-for-sale	11	–	17,378
		1,274,273	1,908,239
Current liabilities			
Distribution fee expenses payable	15	45,229	46,381
Dividend payable		–	913,355
Other payables and accrued expenses		35,228	52,436
Lease liabilities		13,306	14,454
Borrowing		1,149	1,170
Investments held-for-sale	11	–	784
		94,912	1,028,580
Net current assets		1,179,361	879,659
Non-current liabilities			
Other payables and accrued expenses		705	2,399
Borrowing		70,891	72,703
Lease liabilities		24,307	31,702
		95,903	106,804
Net Assets		3,570,139	3,542,698
Equity			
Equity attributable to owners of the Company			
Issued equity	16	1,326,832	1,326,832
Other reserves		49,591	61,998
Retained earnings		2,193,716	2,153,868
Total equity		3,570,139	3,542,698

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2. REVENUE

Revenue consists of fees from investment management activities and fund distribution activities.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Management fees	200,789	245,927
Performance fees	9,748	–
Front-end fees	25,214	30,858
	<hr/>	<hr/>
Total fee income	235,751	276,785
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3. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Net gains/(losses) on investments		
Net realized gains/(losses) on financial assets at fair value through profit or loss	13,309	(7,853)
Net unrealized gains on financial assets at fair value through profit or loss	94,831	17,017
Fair value loss of an investment property	–	(3,916)
Gains on disposal of a subsidiary	965	–
Gains on disposal of property, plant and equipment	550	–
Net foreign exchange losses	(17,636)	(9,077)
	<hr/>	<hr/>
Total other gains/(losses) – net	92,019	(3,829)
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4. COMPENSATION AND BENEFIT EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Salaries, wages and other benefits	95,840	114,357
Pension costs	3,682	4,753
(Net reversal of share-based compensation)/share-based compensation	(994)	7,113
Total compensation and benefit expenses	98,528	126,223

5. TAX EXPENSE

Under current tax laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Group. As a result, no provision for Cayman Islands income and capital gains taxes has been made in the interim condensed consolidated financial information.

Hong Kong profits tax has been provided on the estimated assessable profit for the six months ended 30 June 2024 at the rate of approximately 16.5% (2023: 16.5%). Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current tax		
Hong Kong profits tax	336	2
Overseas tax	5,556	2,455
Adjustments in respect of prior years	(740)	–
Total current tax	5,152	2,457
Deferred tax		
Origination and reversal of temporary differences	(179)	(239)
Total tax expense	4,973	2,218

6. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of HK\$37,365,000 (2023: HK\$4,880,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,826,710,000 (2023: 1,826,710,000). The diluted earnings per share is calculated by adjusting the weighted average number of shares in issue during the period of 1,826,710,000 (2023: 1,826,710,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

7. DIVIDENDS

Special dividend of HK\$913,355,000 declared by the Company was related to the year ended 31 December 2023 and HK\$913,355,000 was paid on 23 January 2024. Final dividend of HK\$62,108,000 declared by the Company was related to the year ended 31 December 2022 and HK\$62,108,000 was paid on 25 May 2023. No interim dividend was proposed by the Board of Directors for the six months ended 30 June 2024 (2023: Nil).

8. INVESTMENT PROPERTY

On 21 September 2018, the Group acquired the entire interest in a student accommodation investment property located in New Zealand with a consideration of HK\$146,390,000, which was subsequently revalued by the Group as at 30 June 2024 and 31 December 2023.

9. INVESTMENTS IN JOINT VENTURES

As at 30 June 2024 and 31 December 2023, “investments in joint ventures” on the interim consolidated balance sheet, amounting to HK\$512,565,000 (2023: HK\$606,068,000), represents the Group’s 50% equity interest in Value Investing Group Company Limited (“Value Investing”), Clear Miles Hong Kong Limited (“Clear Miles HK”), VP-ZACD Holdings Pte. Ltd. (“VP-ZACD”), Golden Partners Investment Limited (“Golden Partners”), respectively, and 15% of the interest in AM 310 Ann Street Investor Unit Trust (“AM 310”). As at 30 June 2024 and 31 December 2023, Value Investing has the trust beneficiary interests in four logistics centers in Japan; AM 310 and Clear Miles HK hold two Australian commercial property projects; and Golden Partners has the beneficiary interests in seven logistics assets in Italy.

During the year ended 31 December 2023, the Group has formed Golden Partners with an independent business partner. On 27 July 2023, Golden Partners completed the purchase of a 50% stake in Cromwell Italy Urban Logistics Fund which owns seven logistics assets in Italy, with a total investment amount of Euro 13.1 million (equivalent to HK\$112 million) through the subscription of 50% units in Cromwell Italy Urban Logistics Fund.

10. INVESTMENTS

Investments include the following:

	Financial assets at fair value through profit or loss	
	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Listed securities (by place of listing)		
Equity securities – Long – Hong Kong	594	1,046
Debt securities – Hong Kong	178,380	176,130
Investment funds – Hong Kong	404,354	555,949
Investment funds – Malaysia	11,132	–
	<u>594,460</u>	<u>733,125</u>
Market value of listed securities		
Unlisted securities (by place of incorporation/establishment)		
Equity securities – China	7,810	5,200
Investment funds – Cayman Islands	22,627	60,289
Investment funds – China	29,173	31,761
Investment funds – Hong Kong	441,546	342,584
Investment funds – Ireland	545,984	652,041
Investment funds – United States	113,314	101,317
	<u>1,160,454</u>	<u>1,193,192</u>
Fair value of unlisted securities		
Representing:		
Non-current	1,575,035	1,746,875
Current	179,879	179,442
	<u>1,754,914</u>	<u>1,926,317</u>
Total investments		

As at 30 June 2024, HK\$570 million (31 December 2023: HK\$711 million) of investments in associates are classified as “non-current investments” in the interim condensed consolidated balance sheet.

11. INVESTMENTS HELD-FOR-SALE

On 12 October 2023, the Group entered into a share sales and purchase agreement with a third party to dispose 75% of its then subsidiary, Value Partners Asset Management Malaysia Sdn. Bhd (“VPMY”). The transaction was still subject to regulatory approvals and not completed as at 31 December 2023 and the Group classified its interest in the subsidiary as investments held-for-sale. On 8 March 2024, the Group completed the disposal and thereafter VPMY became an associate of the Group and being renamed as M & A Value Partners Asset Management Malaysia Sdn. Bhd.

	2023 <i>HK\$'000</i>
Non-current assets classified as investments held-for-sale	
Right-of-use assets	413
Investments	11,027
Other assets	156
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	11,596
Current assets classified as investments held-for-sale	
Fees receivable	19
Tax receivable	689
Prepayments and other receivables	36
Cash and cash equivalents	5,038
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	5,782
Current liabilities classified as investments held-for-sale	
Other payables and accrued expenses	206
Lease liabilities	479
	<hr/>
	685
Non-current liabilities classified as investments held-for-sale	
Deferred tax liabilities	76
Lease liabilities	23
	<hr/>
	99
	<hr/>
Net investments held-for-sale	16,594
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12. FEES RECEIVABLE

Fees receivable from investment management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts. However, some of these fees receivable are only due after the relevant valuation period as a result of credit periods granted to certain investment funds and managed accounts which are generally within one month. The ageing analysis of fees receivable that were past due but not impaired is as follows:

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Fees receivable that were past due but not impaired		
1 – 30 days	316	–
31 – 60 days	–	1,061
61 – 90 days	180	409
Over 90 days	117	–
	<hr/>	<hr/>
	613	1,470
Fees receivable that were within credit period	46,314	54,855
	<hr/>	<hr/>
Total fees receivable	46,927	56,325

13. DEPOSITS FOR PURCHASE OF INVESTMENTS

During the year ended 31 December 2023, Sensible Asset Management Hong Kong Limited, a subsidiary of the Group, entered into a conditional subscription and share purchase agreement with PT Aldiracita Sekuritas Indonesia, to purchase 29.99% interest in PT Surya Timur Alam Raya Asset Management, with a consideration of US\$3.5 million (equivalent to HK\$27 million). Concurrently, the Group entered into a sales and purchase agreement with Aldiracita Global Investment Pte. Ltd, a subsidiary of PT Aldiracita Sekuritas Indonesia, to sell 29.99% interest in Value Partners Asset Management Singapore Pte. Ltd., a subsidiary of the Group, with a consideration of US\$758,000 (equivalent to HK\$6 million).

As at 30 June 2024, the transactions are still subject to regulatory approvals, the cash consideration of US\$3.5 million (equivalent to HK\$27 million) (31 December 2023: same) which have been deposited to escrow account is recognized as “Deposits for purchase of investments” in the interim condensed consolidated balance sheet.

14. CASH AND CASH EQUIVALENTS

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
Cash at banks and in hand	125,034	148,371
Short-term bank deposits	435,727	864,893
Investments in money market instruments	358,897	544,648
Deposits with brokers	2,703	973
	<hr/>	<hr/>
Total cash and cash equivalents	922,361	1,558,885

15. DISTRIBUTION FEE EXPENSES PAYABLE

The carrying amounts of distribution fee expenses payable approximate their fair value due to the short-term maturity. The ageing analysis of distribution fee expenses payable is as follows:

	30 June 2024 HK\$'000 Unaudited	31 December 2023 HK\$'000 Audited
0 – 30 days	40,612	41,089
31 – 60 days	–	678
Over 90 days	4,617	4,614
	<hr/>	<hr/>
Total distribution fee expenses payable	45,229	46,381
	<hr/> <hr/>	<hr/> <hr/>

16. ISSUED EQUITY

	Number of shares	Total issued equity HK\$'000
Unaudited		
As at 1 January 2024 and 30 June 2024	1,826,709,831	1,326,832
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Audited		
As at 1 January 2023 and 31 December 2023	1,826,709,831	1,326,832
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MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2024, Asia's markets have improved relative to last year. In China, investors are warming up to the market, thanks to some signs of gradual economic recovery and a series of market reforms and policy relaxations targeted at the property sector. Meanwhile, the Taiwan and South Korean markets were strong, bolstered by the demand for artificial intelligence (AI)-related technologies and applications. At the same time, South Asia continues to be supported by the region's robust economic growth and resilient domestic demand.

However, global investors remain underweight overall. For China, investors still await solid signs of economic recovery, particularly for the property sector, while the high interest rates in the US and the country's strong currency continue to be headwinds for Southeast Asia markets. Geopolitical concerns, including the trade conflicts between the US and China and escalating tensions in the Middle East, also continue to be risk factors, in addition to key elections worldwide.

Given these risks, investors are not yet fully "risk-on", and the appetite for the risk assets in the region remains benign. As some of our investment strategies invest in these assets, our assets under management ("AUM") slightly declined during the first six months of 2024. That said, these were offset by inflows into some of our income and alternative strategies, as well as the stellar performance of some of our products. Our overall fund performance, calculated as the asset-weighted average return of funds under management, increased by 6.4%. Notably, our flagship funds, the Value Partners High-Dividend Stocks Fund¹ and the Value Partners Greater China High Yield Income Fund², achieved gains of 11.2% and 11.7%, respectively, for the first six months of 2024.

While we expect uncertainties to linger in the short-to-medium term, Asia remains a high-growth region, with its continued economic expansion, favorable demographics, and rising middle class presenting opportunities for asset managers like us. In China, we also aim to tap into opportunities brought by the growing demand for professionally managed wealth management solutions as more mainland Chinese investors diversify their portfolios from property investments to income-focused financial assets. Our strong investment capabilities and well-established track record should position us to capitalize on the growth potential that the region offers.

Financial highlights

As of the end of June 2024, our AUM stood at US\$5.4 billion, slightly down by 3.6% from US\$5.6 billion at the end of 2023, mainly due to the risk-off stance of some investors toward risk assets. As a result, our gross management fees dropped year-on-year to HK\$201 million in the first half of 2024.

Despite the volatile market, the Group started to recapture gross performance fees of HK\$10 million during the current period, given the stellar performance of a Taiwan-focused investment strategy.

Overall, the Group achieved a net profit of HK\$37 million, compared with HK\$5 million during the first six months of last year. The improved result was primarily driven by the investment gains derived from the Group's proprietary investments and decreased total expenses that compensated for the reduced management fees.

We also managed to capture US\$465 million in gross subscriptions in the first half of 2024 despite the weak market sentiment. In particular, there were strong inflows into the Value Partners Japan REIT Fund ("J-REIT Fund") and high demand for our Value Gold ETF. There were also some inflows into our other income-focused strategies, such as the Value Partners China A Shares High Dividend Fund⁴.

On the cost front, the Group continued its disciplined control cost measures, given the challenging business landscape. Fixed operating expenses, including fixed salaries and benefits, rental, investment research, information technology, and other administrative and office expenses, were HK\$147 million during the first half of 2024, decreasing by 10% compared to HK\$164 million from the same period last year despite general inflationary pressures on operating costs.

As of 30 June 2024, the Group continued to run a solid balance sheet, with net assets of HK\$3.6 billion, including cash of HK\$0.9 billion and investments of HK\$2.5 billion. We shall continue to manage our balance sheet prudently to meet future business needs as well as longer-term strategic growth plans.

Enhancing our client reach

As an Asia-focused asset management firm based in Hong Kong, Value Partners enjoys a unique position in connecting international opportunities to domestic, regional, and global investors, and we continue to expand our client reach both in our home market and abroad.

Our key banking partners continued to support us, and we were able to expand our banking network to include more partners, particularly in Hong Kong. We further expanded our family office coverage in the region, especially in Hong Kong and Singapore. To complement our already strong Greater China coverage, we are also putting in dedicated resources in Singapore to service Southeast Asia's increasing wealth management needs.

In Indonesia, following our strategic partnership formed with Jakarta-based PT Surya Timur Alam Raya Asset Management, we are now advising our partner to roll out an equity strategy for investors in the country. We are optimistic that this partnership will allow us to capitalize on Southeast Asia's long-term growth and development, and we are exploring other solutions based on the local market's needs.

On the institutional front, we have seen a noticeable renewed interest from Asia, Europe, and the Middle East in our product offerings for Asia and Greater China, especially in our income-focused products. We continued our brand-building efforts in Europe, where we organized roadshows in the UK and Switzerland to showcase our investment capabilities.

As institutions slowly return to the market, we are supporting them in positioning themselves for a potential market improvement by offering insights on various income/dividend strategies, which should be more favorable and resilient against elevated market volatility.

In the past few months, new policy developments in various cross-border schemes have also been announced or rolled out, further strengthening our position in the cross-border market.

Within the Mainland-Hong Kong Mutual Recognition of Funds ("MRF") scheme, Chinese regulators proposed enhancements to relax the sales limit for Hong Kong-domiciled MRF funds sold in the Mainland from 50% to 80% of the fund's total assets, alongside other measures, making it easier for asset managers to raise more assets from the Mainland.

In light of these developments, we are mulling plans to bring our third MRF fund into the scheme. This is also an opportune moment for us to drive further our brand among Mainland investors, especially since there has been increasing interest and recognition of our Asian investment capabilities, with modest inflows into our MRF funds during the first half of 2024. We also expanded our MRF distribution with two new channels added in July.

In addition, Hong Kong launched the new Capital Investment Entrant Scheme ("CIES") in March, which aims to attract potential migrants and explore investment opportunities in the city. The new scheme could bring new business to Value Partners, and to date, we have 18 funds that are eligible for the new CIES. In May, we collaborated with other industry players to organize an event about the CIES and promote our investment capabilities. The event was attended by about 200 investors interested in the CIES, Hong Kong's talent program, and other cross-border schemes.

Meanwhile, enhancements to the Greater Bay Area Wealth Management Connect (“WMC”) also came into effect in February, allowing more products to be eligible for the program. We now have six eligible investment products under the scheme, compared to three before the enhancements, enabling our distribution partners to onboard more of our products onto their shelves.

In China, we also received approval to roll out a fixed income product through the Qualified Domestic Limited Partnership (“QDLP”) program in July, which should enable mainland investors to invest in the offshore markets and diversify their investment portfolios. We expect inflows into the product, especially given the falling yields in mainland China. We are also exploring opportunities to utilize our Qualified Domestic Investment Enterprise (“QDIE”) license to roll out an alternative solution to mainland investors. Similarly, we also aim to leverage and utilize further our qualified foreign limited partnership (“QFLP”) license in Shenzhen, which enables overseas investors to invest in China’s onshore private markets.

Moving forward, we will continue to monitor new policies and explore cross-border schemes that could further enhance our reach to other markets and strengthen our relationship with existing local partners in these competitive markets.

Product expansion and highlights

During the first half of 2024, we continued to diversify and broaden our product suite to include more innovative investment offerings, better catering to investors’ evolving needs.

Following the launch of our money market fund last year, we rolled out the J-REIT Fund in Hong Kong in April. The Fund aims to provide long-term capital appreciation and income generation through investment in real estate investment trusts (“REITs”) listed in Japan. It is also the first and only Hong Kong Securities and Futures Commission (“SFC”)-authorized Japan REITs product³.

We collaborated with Daiwa Asset Management in the research of Japan REITs, which further deepened our ongoing partnership with the Japanese firm. Several of our distribution partners in Hong Kong have already onboarded our new J-REIT Fund, with some already seeing positive inflows into the product. We expect more distributors to onboard the Fund in the coming months.

Besides our J-REIT Fund, we have been promoting the Value Partners China A Shares High Dividend Fund⁴, which now has a four-year credible, strong performance track record. It is also the only true-to-label A-share high dividend strategy available in the offshore market. We have received favorable feedback from institutional clients and consultants, and we expect to see more flows into the strategy in the near future.

The above aligns with our plans to expand our income series of products, which already includes some of our high dividend funds, multi-asset, and fixed income strategies, as we recognized the growing demand for investment solutions that offer income, especially during periods of elevated market volatility.

Some of our investment strategies have also performed strongly during the first half of 2024, particularly our Asian-focused Value Partners High-Dividend Stocks Fund, Value Partners Taiwan Fund, and Value Partners Asian Income Fund, which have helped investors capture opportunities in the strong-performing markets in Asia, such as Taiwan, South Korea, and Japan. Our Value Gold ETF also fared well as it attracted strong interest in portfolio diversification amid rising geopolitical tensions.

Additionally, our investment capabilities continued to gain recognition in the industry. Value Partners won five awards in Bloomberg Businessweek/Chinese Edition’s “Top Funds To Watch 2023” event held in March, which included recognition for our Value Partners Asian Income Fund (two awards), Value Partners Asian Innovation Opportunities Fund, Value Partners Taiwan Fund, and the Value Gold ETF in their respective categories.

We will continue our product strategy of building innovative, differentiated, and unique product offerings to address investors’ needs, and we are also open to partnering with different industry players to bring more innovative and diversified investment solutions to our markets.

ESG developments

ESG is part of our growth strategy, especially given the increasing demands from global clients to address major environmental and sustainability challenges.

2023 was a year where we transitioned our sustainability journey from “ESG 1.0”, which started in 2019, to “ESG 2.0”. In this new phase, we leveraged the ESG foundations we built and articulated our sustainability practices in various aspects. In addition to launching our first Sustainable Finance Disclosure Regulation (“SFDR”) Article 8-compliant fund in May last year, our focus was particularly on our engagement and driving direct dialogue and impact to our portfolio investees.

In the first half of 2024, 18 sustainability topics were covered, totaling about 150 topic interactions with our portfolio investees, which is an increase of more than 50% topic interactions compared to the whole of 2023.

For the rest of 2024, engagement and stewardship activities remain the top priority for our ESG development. These are critical for us to carry out deep ESG assessments on investees while driving relevant sustainability impacts around key topics, such as climate, biodiversity, diversity and inclusion, and others. ESG is an ongoing journey, and it is important to continuously evaluate and articulate our practices to stay resilient in the evolving market developments and regulations and safeguard the interests of our investors.

Business outlook

The investment landscape continues to be volatile. Our 30-year-long track record and the dedication of our team have helped us to adapt to the changing needs of investors to better cater to their financial goals and risk tolerance.

In the medium to long term, Asia continues to present opportunities for asset managers like us. The region remains a high-growth area for wealth creation, supported by various secular drivers. Our strong financial position and ongoing efforts to strengthen our Asian investment capabilities should position us to capture these opportunities. Our commitment to our long-held bottom-up and selective approach to value investing also underpins our company’s competitive edge and positions us to be an ideal investment partner.

As we grow our business further, we will bring more high-quality investment solutions to the market to cater to the ever-changing needs of investors both locally and globally and further amplify our reach in different markets and segments.

Appreciation

Last but not least, we would like to thank our colleagues, shareholders, clients, and business partners for their continued support and loyalty. We would also like to recognize our colleagues’ dedication, commitment, and contribution toward the continued growth of Value Partners. We shall remain focused on providing the highest standard of service and value for clients and continue innovating in the ever-evolving asset and wealth management landscape.

1. Annual calendar returns of Value Partners High-Dividend Stocks Fund (Class A1) over the past five years: 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023: +4.1%; 2024 (Year to date as at 30 June): +11.2%.
2. Annual calendar returns of Value Partners Greater China High Yield Income Fund (Class P USD Acc) over the past five years: 2019: +9.4%; 2020: -0.3%; 2021: -22.5%; 2022: -30.2%; 2023: +4.3%; 2024 (Year to date as at 30 June): +11.7%.
3. 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.
4. Value Partners China A Shares High Dividend Fund is not authorized by SFC and is not available to the general public in Hong Kong.

FINANCIAL REVIEW

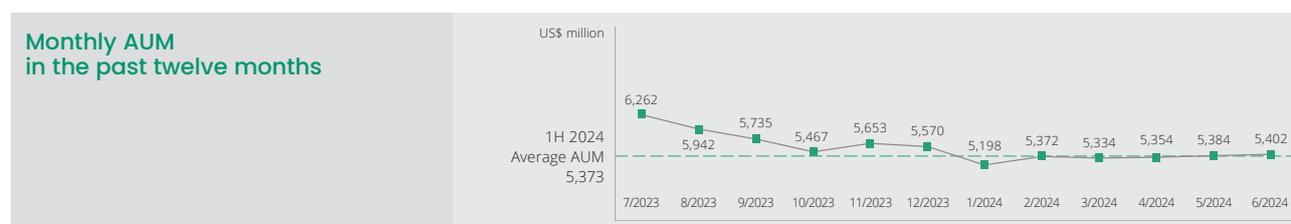
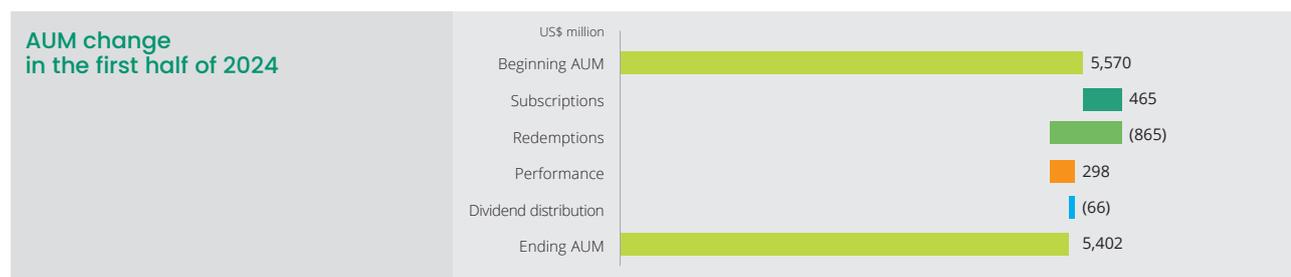
Assets Under Management (“AUM”)

AUM and return

The Group’s AUM stood at US\$5,402 million at the end of June 2024 (31 December 2023: US\$5,570 million). The slight decline was mainly attributable to the net redemptions of US\$400 million offset by positive fund returns of US\$298 million in the first half of 2024.

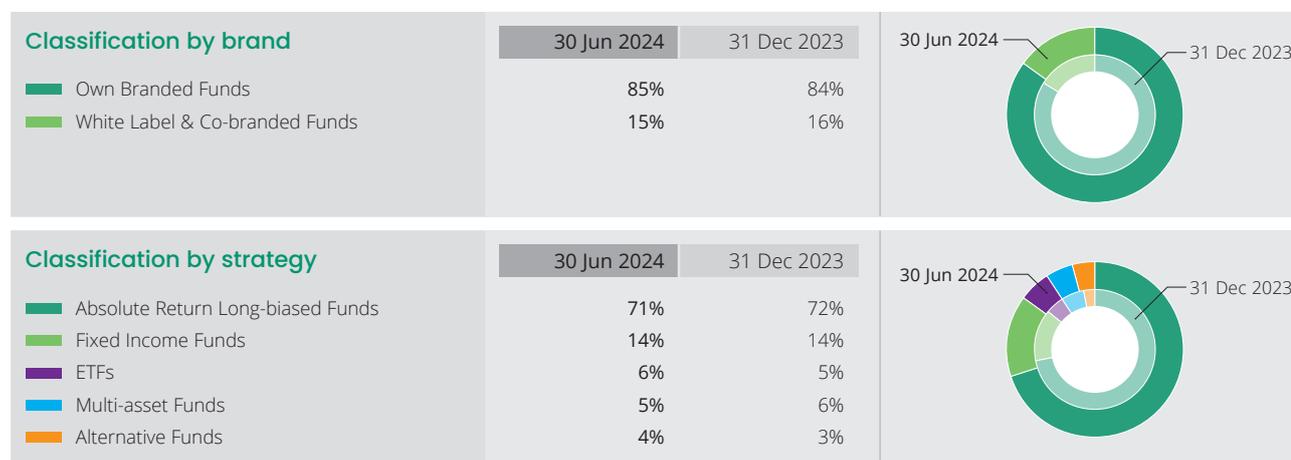
The overall fund performance¹, calculated as the asset-weighted average return of funds under management, was 6.4% in the period under review, compared with the 6.2% and 4.7% increase in the Hang Seng Index and MSCI China Index (Total Net Return), respectively. Among our funds, the Value Partners High-Dividend Stocks Fund², the Group’s largest public fund³, recorded a gain of 11.2% during the six months ended 30 June 2024. The Value Partners Greater China High Yield Income Fund⁴ and the Value Partners Classic Fund⁵ rose 11.7% and 5.4% respectively during the period, while the Value Gold ETF⁶ recorded a gain of 12.6%.

In the first half of 2024, gross subscriptions decreased slightly to US\$465 million from US\$483 million in the second half of 2023. Gross redemptions for the first half of 2024 increased to US\$865 million from US\$717 million in the second half of 2023, with a net redemptions of US\$400 million (2H 2023: US\$234 million), mainly from our equity and China strategies. During the period, we also recorded positive fund performance of US\$298 million.



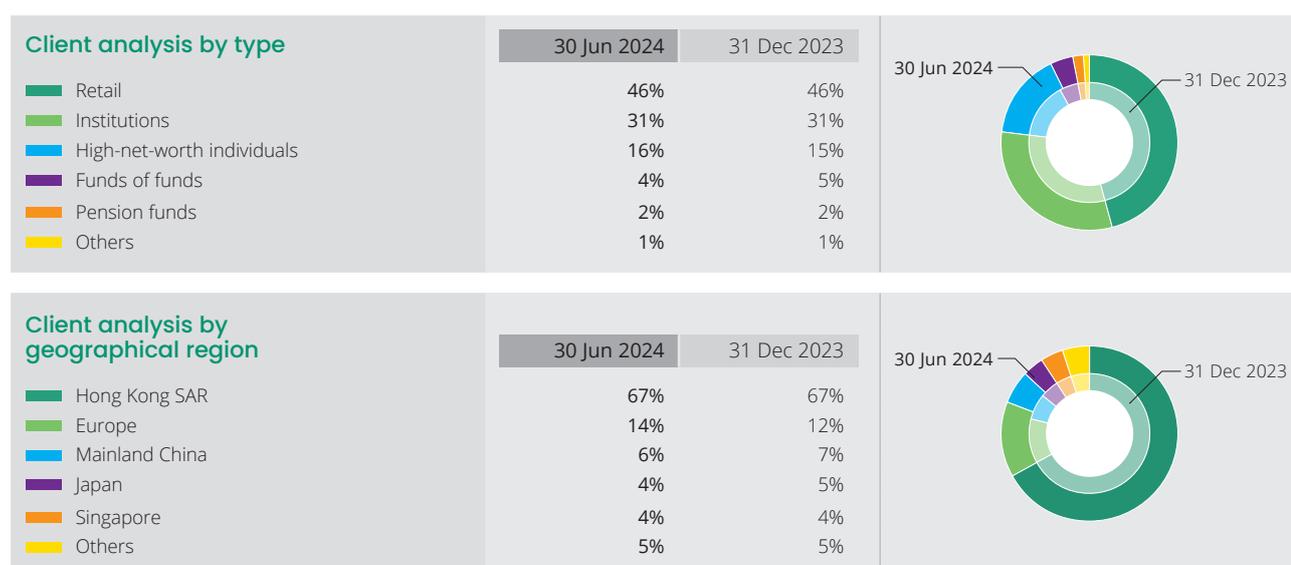
AUM by category

The charts below show breakdowns of the Group's AUM as at 30 June 2024 using two classifiers: brand and strategy. Own Branded Funds (85%) remained the biggest contributor to the Group's AUM. By strategy, Absolute Return Long-biased Funds (71%) continued to represent the largest share of the Group's AUM, followed by Fixed Income Funds (14%), in which the Value Partners Greater China High Yield Income Fund was the largest contributor.



Client base

During the period, institutional clients – including institutions, high-net-worth individuals, funds of funds, pension funds, endowments and foundations, and family offices and trusts – remained the Group's primary set of fund investors, accounting for 54% of the total AUM (31 December 2023: same). Meanwhile, retail clients contributed 46% of the total AUM (31 December 2023: same). In terms of geographic location, Hong Kong SAR clients continued to be the largest segment, contributing 67% of the Group's AUM (31 December 2023: same). The share of AUM contributed by clients in Europe increased to 14% (31 December 2023: 12%), while mainland China dropped slightly to 6% (31 December 2023: 7%).

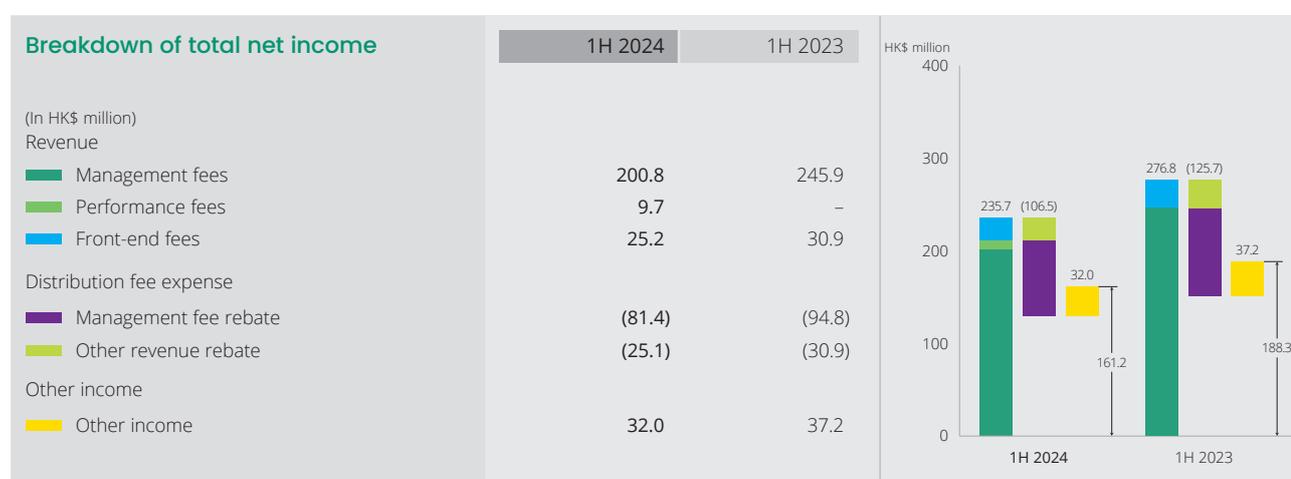


Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	1H 2024	1H 2023	% Change
Total revenue	235.7	276.8	-14.8%
Gross management fees	200.8	245.9	-18.3%
Gross performance fees	9.7	-	
Operating profit/(loss) (before other gains/losses)	0.6	(3.0)	+120.0%
Profit attributable to owners of the Company	37.4	4.9	+663.3%
Basic earnings per share (HK cents)	2.0	0.3	+566.7%
Diluted earnings per share (HK cents)	2.0	0.3	+566.7%
Interim dividend per share (HK cents)	Nil	Nil	

Revenue and fee margin



The Group's profit attributable to owners of the Company amounted to HK\$37.4 million for the six months ended 30 June 2024 (1H 2023: HK\$4.9 million).

The drop in total revenue was due to the reduced gross management fees, the Group's largest revenue contributor, which dropped by 18.3% to HK\$200.8 million (1H 2023: HK\$245.9 million) with the decrease in the Group's average AUM to US\$5,373 million (1H 2023: US\$ 6,278 million). Performance fees amounted to HK\$9.7 million (1H 2023: Nil) for the current period as the return of one fund has surpassed its previous high watermarks as of the end of June. Performance fees are generated when eligible funds, at their performance fee crystallization dates, report returns exceeding their high watermarks for the respective period up to the crystallization date.

During the period, our annualized gross management fee margin decreased to 98 basis points (1H 2023: 102 basis points), given the higher portion of income-themed products with a lower fee margin such as our money market fund, etc. Our annualized net management fee margin decreased to 59 basis points (1H 2023: 63 basis points), while our management fee rebates for distribution channels decreased to HK\$81.4 million (1H 2023: HK\$94.8 million).

Other revenue mainly included front-end load, of which a substantial amount was rebated to distribution channels (a usual practice in the market).

Other income, which mainly comprised of interest income, dividend income, and rental income from an investment property, totaled HK\$32.0 million (1H 2023: HK\$37.2 million).

Other gains or losses

(In HK\$ million)	1H 2024	1H 2023
Net gains/(losses) on investments		
Net realized gains/(losses) on financial assets at fair value through profit or loss	13.3	(7.8)
Net unrealized gains on financial assets at fair value through profit or loss	94.8	17.0
Fair value loss of an investment property	-	(3.9)
Net foreign exchange losses	(17.6)	(9.1)
Gains on disposal of a subsidiary	1.0	-
Gains on disposal of property, plant and equipment	0.5	-
Other gains/(losses) – net	92.0	(3.8)

Other gains or losses mainly included fair value changes and realized gains or losses on seed capital investments, investments in our own funds and other investments, as well as net foreign exchange gains or losses. Seed capital investments are made by the Group to provide capital that was considered necessary to new funds during the initial phase of fund launches. The Group also invests in its own funds alongside investors, where appropriate, for better alignment of interests and investment returns. The significant increase in other gains from the same period in the prior year was mainly due to valuation gains in our proprietary alternative investments and high-yield income fund.

Investments in joint ventures

In 2017, the Group set up Value Partners Asia Pacific Real Estate Limited Partnership⁷ (the “Real Estate Partnership”) to engage in real estate private equity business. As at 30 June 2024 and 31 December 2023, the Real Estate Partnership held four logistic centers located in Japan, two commercial property projects located in Australia and seven logistics centers located in Italy through four joint ventures. The Group’s share of losses amounted to HK\$46.0 million (1H 2023: a gain of HK\$17.3 million), which was attributable to the rental income less outgoings, fair value changes of the properties and foreign exchange differences for the six months ended 30 June 2024 and 2023.

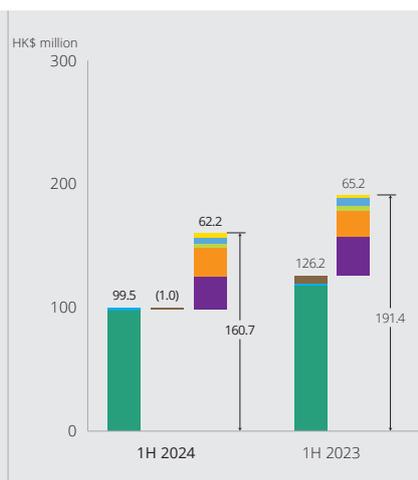
Significant investments

As at 30 June 2024, the Group held 9,981,524 units (31 December 2023: 12,621,950 units) or 20.3% (31 December 2023: 28.5%) in Value Gold ETF, which is a fund listed on the Stock Exchange of Hong Kong Limited aiming to provide investment results that closely correspond to the performance of the London Bullion Market Association Gold Price. The investments, representing 12.2% (31 December 2023: 11.6%) of the Group’s total assets with a fair value of HK\$460.3 million (31 December 2023: HK\$540.5 million) and a cost of HK\$328.0 million (31 December 2023: HK\$420.3 million), are for alignment of investors’ interests and investment returns. For the period ended 30 June 2024, the Group recorded a net unrealized investment gain of HK\$12.1 million (31 December 2023: HK\$65.6 million) and a net realized investment gain of HK\$37.4 million (31 December 2023: Nil) with respect to such investments.

As at 30 June 2024, the Group held 3,095,908 units (31 December 2023: 4,293,489 units) in Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund⁷ (“ICAV – GCHY Bond Fund”), which represents 22.1% (31 December 2023: 20.3%) of the net asset value of Value Partners Ireland Fund ICAV. The ICAV – GCHY Bond Fund primarily invests in a portfolio of fixed and floating rate bonds and other debt securities in the Greater China region. The investments, representing 6.8% (31 December 2023: 6.8%) of the Group’s total assets with a fair value of HK\$255.3 million (31 December 2023: HK\$319.0 million) and a cost of HK\$252.6 million (31 December 2023: HK\$350.5 million), are primarily seed capital investment and also for investment returns. For the period ended 30 June 2024, the Group received dividends amounting to HK\$0.3 million (31 December 2023: HK\$0.5 million) and recorded a net unrealized investment gain of HK\$34.2 million (31 December 2023: HK\$12.0 million) and a net realized investment loss of HK\$3.8 million (31 December 2023: HK\$2.4 million) with respect to such investments.

Cost management

Breakdown of total expenses	1H 2024	1H 2023
(In HK\$ million)		
Compensation and benefit expenses		
Salaries, wages and staff benefits	97.7	117.7
Staff rebates	1.8	1.4
(Net reversal of share-based compensation)/ share-based compensation	(1.0)	7.1
Other expenses		
Other operating costs	26.4	30.9
Information processing and communications	23.7	21.7
Sales and marketing	2.7	3.4
Depreciation (excluding depreciation of right-of-use assets – properties)	5.4	6.4
Non-recurring expenses	4.0	2.8



Compensation and benefit expenses

During the period, salaries, wages and staff benefits decreased by 17.0% to HK\$97.7 million (1H 2023: HK\$117.7 million).

As part of its compensation policy, the Group distributes 20% to 23% of its annual realized net profit pool as a management bonus to employees. The realized profit pool is calculated by deducting certain adjustments from net result before management bonus and taxation. This discretionary bonus is maintained to promote staff loyalty and performance while aligning employee and shareholder interests. There is also a deferral bonus plan (the “Plan”) for employees and a portion of the management bonus awarded to certain employees of the Group will be under a deferral arrangement according to the Plan. The employee may elect to allocate all or part of the deferred amount into the nominated fund(s) managed by the Group or to retain the deferred amount in cash.

The staff of Value Partners is entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group. Staff rebates for the period amounted to HK\$1.8 million (1H 2023: HK\$1.4 million).

During the period, the Group recorded a reversal of share-based compensation of HK\$1.0 million (1H 2023 share-based compensation expense: HK\$7.1 million), which were related to stock options granted to employees. This item had no impact on cash flows and was recognized in accordance with Hong Kong Financial Reporting Standards.

Other expenses

Other non-staff operating costs – such as rent, information processing and communications, legal and professional fees, investment research fees, and other administrative and office expenses – amounted to HK\$50.1 million for the period (1H 2023: HK\$52.6 million), while sales and marketing expenses decreased slightly to HK\$2.7 million (1H 2023: HK\$3.4 million). Non-recurring expenses mainly represented one-off expenditures on write-off of certain fee receivables, reimbursement of fund expenditures and merger and acquisition related costs.

The Group will continue to take a cautionary stance in cost management and has implemented measures such as resource realignment and ongoing cost control to manage future business headwinds. Despite adherence to strict cost management, the Group will also continue investment in key strategic growth areas in order to bolster our competitive advantage in the longer term.

Dividends

The Group has been adopting a consistent dividend distribution policy that takes into account the relatively volatile nature of asset management income streams. This policy states that dividends (if any) will be declared annually at the end of each financial year to better align dividend payments with the Group's full-year performance and its financial position.

The Board of Directors declared a special dividend of HK\$0.5 per share to shareholders in December 2023 after considering the Group's cash-rich position and accumulated earnings over the years. The special dividend was paid on 23 January 2024.

Liquidity and financial resources

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits and dividend income from investments held. As at 30 June 2024, the Group's balance sheet and cash flow positions remained strong, with a net cash balance of HK\$922.4 million (31 December 2023: HK\$1,558.9 million). Other than relevant borrowings pledged with property asset by the Real Estate Partnership of HK\$72.0 million (31 December 2023: HK\$73.9 million), the Group had no other corporate bank borrowings and did not pledge any other assets as collateral for overdrafts or other loan facilities. The Group's debt-to-equity ratio, measured by interest bearing external borrowings (excluding borrowings as mentioned above) divided by shareholders' equity, was zero, while its current ratio (current assets divided by current liabilities) was 13.4 times (31 December 2023: 1.9 times).

Capital structure

As at 30 June 2024, the Group's shareholders' equity and total number of shares issued were HK\$3,570.1 million (31 December 2023: HK\$3,542.7 million) and 1.83 billion shares (31 December 2023: same), respectively.

1. *Overall fund performance is calculated by taking an asset-weighted average of returns of the most representative share class of all funds managed by Value Partners.*
2. *Annual calendar returns of Value Partners High-Dividend Stocks Fund (Class A1) over the past five years: 2019: +14.9%; 2020: +13.9%; 2021: +3.5%; 2022: -18.9%; 2023: +4.1%; 2024 (Year to date as at 30 June): +11.2%.*
3. *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.*
4. *Annual calendar returns of Value Partners Greater China High Yield Income Fund (Class P USD Acc) over the past five years: 2019: +9.4%; 2020: -0.3%; 2021: -22.5%; 2022: -30.2%; 2023: +4.3%; 2024 (Year to date as at 30 June): +11.7%.*
5. *Annual calendar returns of Value Partners Classic Fund (A Units) over the past five years: 2019: +32.4%; 2020: +37.6%; 2021: -6.6%; 2022: -28.1%; 2023: -5.0%; 2024 (Year to date as at 30 June): +5.4%.*
6. *Annual calendar returns of Value Gold ETF over the past five years: 2019: +17.7%; 2020: +23.1%; 2021: -3.6%; 2022: -0.8%; 2023: +13.5%; 2024 (Year to date as at 30 Jun): +12.6%.*
7. *Value Partners Asia Pacific Real Estate Limited Partnership and Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund are not authorized by SFC and are not available to the general public in Hong Kong.*

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

OTHER INFORMATION

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Foreign exchange

As at 30 June 2024, other than the Renminbi-denominated bank deposits of approximately HK\$219 million (30 June 2023: HK\$637 million), the Group has no other significant foreign currency exposure because the majority of receipts and payments as well as assets and liabilities are denominated in the Hong Kong dollar (the Company's functional and presentation currency) and the United States dollar, which is linked to the Hong Kong dollar.

Human resources

As at 30 June 2024, the Group employed 125 staff (30 June 2023: 141) in Hong Kong SAR, 22 staff (30 June 2023: 34) in Shanghai, 5 staff (30 June 2023: 5) in Shenzhen, 9 staff (30 June 2023: 8) in Singapore, 2 staff (30 June 2023: 2) in London and no staff (30 June 2023: 5) in Malaysia. Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with the Group's emphasis on recognition for performance and human capital retention, the Group rewards its employees with year-end discretionary bonus which is linked to the Group's level of profits for that financial year.

Purchase, sale or redemption of the Company's securities

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

Audit committee

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2024.

Independent review of interim results

The unaudited interim results of the Group for the six months ended 30 June 2024 have been reviewed by the Company's external Auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Corporate governance

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the Directors' opinion, the Company has complied with the code provisions of the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2024. In respect of code provision C.2.1 of the Corporate Governance Code, after the resignation of Ms. June Wong as chief executive officer with effect from 26 April 2024, the roles of chairman and chief executive are taken up by the Leadership Committee, comprising Dato' Seri CHEAH Cheng Hye and Mr. SO Chun Ki Louis who are also the Co-Chairmen. In view of the nature of the Group's business, the chairman and chief executive must have a deep understanding of asset management operations in order to lead the Group in developing prompt response to market changes. Further, all major decisions of the Company have been made in consultation with the Board, the appropriate board committees and/or senior management of the Group. The Board therefore considers that the current arrangement provides a balance of power and authority and avoids power being concentrated in any one individual which is in line with the stated principle of C.2.1 of the Corporate Governance Code.

Model Code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

The Company has made specific enquiries with all Directors and all of them confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2024.

Publication of interim results and interim report on the Stock Exchange

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.valuepartners-group.com). The interim report will be despatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

Our appreciation

Finally, we would like to express our gratitude to the Shareholders, business partners, distributors and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

By order of the board of
Value Partners Group Limited
Dato' Seri CHEAH Cheng Hye
Co-Chairman and Co-Chief Investment Officer

Hong Kong, 15 August 2024

As of the date of this Announcement, our Directors are Dato' Seri Cheah Cheng Hye, Mr. So Chun Ki Louis, Ms. Hung Yeuk Yan Renee and Mr. Ho Man Kei, Norman as Executive Directors and Dr. Chen Shih-Ta Michael, Mr. Wong Poh Weng and Mr. Till Rosar as Independent Non-executive Directors.