

【 For Immediate Release 】

Value Partners Group announces 2017 interim results

Financial results for the six months ended 30 June 2017 (unaudited)

	30/6/2017	31/12/2016	Change
Assets under management (US\$ billion)	15.5	13.2	+17%
(In HK\$ million)	1H 2017	1H 2016	Change
Profit attributable to owners of the Company	219.5	5.0	+4,290%
Total revenue	752.3	709.1	+6%
Gross management fees	546.7	529.2	+3%
Gross performance fees	22.3	5.2	+329%
Total expenses	(226.0)	(219.2)	+3%
Operating profit (before other gains/losses)	140.3	109.5	+28%
Net fair value change and realized gains/losses of treasury operations	99.1	(91.9)	+208%
Basic earnings per share (HK cents)	11.8	0.3	+3,833%
Diluted earnings per share (HK cents)	11.8	0.3	+3,833%
Interim dividend per share	Nil	Nil	

(Hong Kong, 15 August 2017) — Value Partners Group Limited (together with its subsidiaries, “Value Partners” or “the Group”, Hong Kong Stock Code: 806) today announced financial results for the six months ended 30 June 2017.

HIGHLIGHTS

1. **Net profit** surged to HK\$220 million from HK\$5 million a year earlier, mainly attributable to net fair value gains and realized gains of HK\$99 million from the Group’s treasury operations.
2. **Investment capabilities** of the Group were broadened during the period.
 - a. Fixed income:
 - Value Partners Greater China High Yield Income Fund, the Group’s flagship fixed income product, attracted **net inflows of over US\$1 billion** in the first half of 2017.
 - Extended the Group’s fixed income offerings to cover **Asia and global emerging markets (GEM)**.
 - b. Quantitative investment and exchange-traded funds (“ETFs”):
 - Value Partners engaged in developing quantitative investment capability as early as in 2009 with the listing of a smart ETF named Value China ETF in Hong Kong.
 - **Repositioned Value ETF series** in the first half of 2017 as institutional products with appropriate fee reduction.
 - **Incorporated big data** in investment research to supplement Value Partners’ core investment philosophy – value investing. In addition to intensive fundamental research, the Group’s investment team analyses market trends with the help of big data.

c. SMART Investment Strategy:

- This is a **new institutional offering** which combines Value Partners' well-proven fundamental stock-picking skill (i.e. SMART alpha) and SMART beta.
- Launched a **GEM equity fund**¹ in early August 2017 with the application of this new strategy.

d. Multi-asset:

- Worked with AIA Pension and Trustee Co. Ltd. to launch a new fund option under its AIA MPF – Prime Value Choice Scheme in July 2017. This fund is the **first of its kind** in Hong Kong's MPF market as it can invest flexibly among stocks and debt securities in Hong Kong and China, with a maximum exposure of 9% to gold via investing in gold ETFs, to optimize risk/return trade-offs over various market cycles.

e. Alternatives:

- Launched in July 2017 the Group's **first real estate private equity fund**¹ which targets institutional investors. It invests in Asia-Pacific real estate assets with stable income streams.

3. The Group has taken measures to **streamline its operations** and **strengthen strategic business areas**.

a. Established Quantitative Investment Solutions ("QIS") Team:

- **Set up QIS Team** to consolidate the Group's resources to drive ETF business, big data application and the development of quantitative products.
- Appointed **Mr. Kai MAK** as Co-Managing Director of Quantitative Investment Solutions and Senior Fund Manager; and **Mr. David QUAH** as Co-Managing Director, Quantitative Investment Solutions, to co-lead the QIS team.
- Mr. MAK has been in charge of Value Partners' quantitative investment activities, including the management of Value ETFs, since 2006. Mr. QUAH, who has over 20 years of experience in ETF and quantitative products, joined Value Partners in early August 2017 to co-lead the QIS team focusing on business development and management.

b. Strengthened China business:

- Appointed **Mr. YU Xiaobo**, who has been with Value Partners since 2009, as Head of China Business in addition to his current role as Investment Director. He is supported with an on-the-ground team on the mainland.

c. Building presence in Singapore and United Kingdom

- Value Partners' Singapore investment team plays a key role to **lead the Group's development of SMART Investment Strategy**. The local team has also deepened distribution network in the country.
- In United Kingdom, Value Partners is making good progress in signing up a **global agreement with one of the largest fund distribution platforms in Europe**.

COMMENTS

Dr. AU King Lun, Chief Executive Officer of Value Partners Group, commented on the Group's business and financial performance:

Value Partners had a promising start in 2017 fueled by fund performance enhancement, new product launches and distribution network expansion. During the period, we continued to broaden our product offerings in terms of asset classes and geographical exposures to help our clients meet their investment goals.

As the largest homegrown asset manager in Hong Kong bridging investment needs between China and the rest of the world, Value Partners aims to become an Investment Solution Provider to Chinese investors, as well as a China Investment Expert to investors around the world.

China's continued capital account opening will unleash massive investment demand and offer Value Partners a once-in-a-lifetime opportunity to transform our business. We are grateful to have enjoyed first-mover advantage in a number of aspects over the years. Currently, we are also in the process of applying for a Private Fund Management ("PFM") license which will allow us to offer Value Partners' own-branded funds on the mainland through private placement.

Over the near term, we believe geopolitical events will remain and add to market volatility, but we are confident that the Chinese economy is on a solid recovery path. Meanwhile, the call for lower fees and the use of information technology in the asset management industry may post cost pressure on asset managers. To counter this headwind, we are taking proactive measures to improve our operational efficiency and enrich our investment capabilities. We are committed to delivering consistent performance and appropriate investment solutions to help our clients walk through different market cycles.

1. *The fund is not authorized by the Securities and Futures Commission and is not available to the general public in Hong Kong.*

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About Value Partners Group Limited

Value Partners is one of Asia's largest independent asset management firms that seeks to offer world-class investment services and products. Assets under management of the firm were US\$15.5 billion as of 30 June 2017. Since its establishment in 1993, the firm has been a dedicated value investor in Asia and the world. In November 2007, Value Partners Group became the first asset management firm 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, Beijing, Singapore and London. Value Partners' investment strategies cover equities, fixed income, Quantitative Investment Solutions, SMART Investment Strategy, multi-asset and alternatives for institutional and individual clients in Asia Pacific, Europe and the United States. For more information, please visit www.valuepartners-group.com.

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