
【 For Immediate Release 】**Value Partners taps into unmet demand in small loan market in Western China**

(Hong Kong, 15 September 2011) — Value Partners Group Limited (together with its subsidiaries, “Value Partners” or “the Group”, Hong Kong Stock Code: 806) today announced that it has entered into an agreement to establish a joint venture company to engage in small loan business in Chengdu City, Sichuan Province.

The Group principally provides investment management services to investment funds and managed accounts. The formation of the joint venture company will be the Group’s first venture into other financial services in the mainland, which will allow the Group to produce alternative income stream with a new business.

The joint venture company is to be established by Brilliant Star Capital, a wholly-owned subsidiary of the Group, and Chengdu GT Emerging Industries Investment Co., Ltd., which is wholly-owned by Chengdu Industry Investment Group Co., Ltd., an investment holding company controlled by Chengdu State-owned Assets Supervision and Administration Commission (“Chengdu SASAC”). Brilliant Star Capital will own 90% of the joint venture company whilst its joint venture partner will own 10%.

The registered capital of the joint venture company will be RMB300 million, of which RMB270 million will be provided by the Group in cash, while the rest will be provided by Chengdu GT Emerging Industries Investment Co., Ltd. It is intended that the joint venture company will provide small loans to small to medium size enterprises and small business owners in Chengdu. The transaction is subject to approvals by the relevant mainland authorities.

“As the government outlined its policy to develop the western regions in its twelfth five-year plan, Western China is set to be a key driver of the mainland’s economy. We see an unfilled demand of small to medium size enterprises for small loans as major commercial banks tend to focus primarily on more sizeable businesses,” said **Mr. Jimmy Chan Sheung Lai, Chief Executive Officer of Value Partners.**

According to government figures, Chengdu’s GDP growth in the first half of 2011 was 15.1% year-on-year, significantly outpacing the national GDP growth rate of 9.6% for the same period⁽¹⁾. The GDP of the western region is expected to double that of 2008 by 2015, with an annual growth rate of over 10%⁽²⁾.

Despite surging needs for small loans on the back of fast economic growth, loans granted to small enterprises by major banks in the mainland meet only 15% of the overall financing needs of those enterprises, with loans under RMB1 million almost non-existent⁽³⁾, and SMEs are facing considerable difficulties in securing financing. In 2010, the size of mainland’s small loan market reached RMB195 billion⁽⁴⁾, while geographically the central and western regions account for an increasing portion of the small loan market⁽⁵⁾.

“We are delighted to work with our local partner which has vast local resources to develop the business together,” **Mr. Chan** added. “Our foray into the high-growth small loan business will provide an alternative source of revenue for Value Partners. An independent, dedicated team of seasoned professionals will be formed to operate this business locally.”

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Sources:

- (1) National Bureau of Statistics of China
- (2) Du Ying, Vice Chairman National Development and Reform Commission, stated in March 2011
- (3) *Study on Operation and Financing Difficulties of Small Enterprises*, released in July 2011 by the National School of Development of Beijing University
- (4) *China Rural Finance Services Report 2010*, released in March 2011 by the People's Bank of China
- (5) *2010 Report on Regional Financial Operations in China*, released in June 2011 by the Monetary Policy Committee of the People's Bank of China

About Value Partners Group Limited

Value Partners is one of Asia's largest asset management firms with assets under management of over US\$9 billion as of 31 July 2011. Since our establishment in 1993, we have been a dedicated value investor with a focus on the Greater China region. In November 2007, the Value Partners Group became the only asset management firm listed on the main board of the Hong Kong Stock Exchange (Stock code: 806 HK). We manage absolute return long-biased funds, long-short hedge funds, exchange-traded funds, quantitative funds, and private equity funds for institutional and individual clients in Asia Pacific, Europe and the U.S.

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