

- Value Partners China A-Share Select Fund (the “fund”) invests primarily in RMB-denominated equities.
- Please pay particular attention to the risk of investment in China and in companies with medium or small capitalization. The value of the fund can be extremely volatile and could go down substantially within a short period of time. It is possible that the entire value of your investment could be lost.
- The fund is also subject to concentration risk as a result of investing only in a single geographical region. Adverse developments in such regions may affect the value of the underlying securities in which the fund invests.
- The fund intends to invest predominantly in China A Shares directly, via its Manager’s RQFII quota. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk and risks associated with the Manager’s RQFII status. In addition, the RQFII policy and rules are relatively new and there may be uncertainty in implementation and such policy and rules are subject to change. All these may adversely impact the fund.
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- The fund may invest in debt securities including those that are below investment grade/unrated, and may involve greater risks, including credit risk, issuer-specific risk, counterparty risk and sovereign debt risk. The fund may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk. All these may expose the fund to significant losses.
- You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors.

[For Immediate Release]

**Value Partners Launches First RQFII Fund –
Value Partners China A-Share Select Fund**

(Hong Kong, 15 October 2014) — Value Partners announced today the offering of its first Renminbi Qualified Foreign Institutional Investor (“RQFII”) product – **Value Partners China A-Share Select Fund** (the “fund”). Authorized by Hong Kong’s Securities and Futures Commission for public offering¹, the fund, which will be launched on 16 October, offers investors a direct and broad exposure to the Mainland’s stock market.

China is the world’s third-largest stock market² which has captured increasing attention from global investors, as it is more attractively valued compared to developed economies. The number of A-share companies has grown tremendously from 8 in 1990 to over 2,530 as of August 2014. With the upcoming “Shanghai-Hong Kong Stock Connect” program, the A-share market will be opened up and attract foreign inflow, acting as a positive catalyst to bolster undervalued stocks.

Value Partners China A-Share Select Fund is an actively managed A-share equity fund that has a flexible mandate to invest in Shanghai- and Shenzhen-listed companies of different sizes and industries. Managed by Value Partners’ award-winning team, the fund aims to achieve long-term capital growth and income appreciation by mainly investing in RMB-denominated stocks in China under the RQFII framework. It seeks to capture a wealth of A-share opportunities including investments in quality A-share companies with strong profitability and attractive valuation, small and medium-sized enterprises, as well as high-dividend stocks that may benefit from the narrowing of valuation gap between A and H shares.

“China’s A-share market has experienced a multi-year slump that has dragged down valuations to record low levels. Attractive valuation has offered investors good buying opportunities in quality companies,” said **Mr. Alan WANG, Investment Director and Head of Research (Shanghai) of Value Partners**. “We remain positive on the Chinese stock markets on the back of continuous financial and state-owned enterprise (“SOE”) reforms, stable earnings growth, and further integration with global capital markets.”

“Value Partners is among the earliest investors that have pioneered in the A-share market and we run one of the largest on-the-ground investment teams in Asia. As China opens up its capital market further, our experience and capabilities will help investors identify more value stock investment opportunities,” **Mr. Timothy TSE, Chief Executive Officer of Value Partners** said. “The upcoming launch of the “Shanghai-Hong Kong Stock Connect” program is set to unveil more A-share investment opportunities which we aim to capture. Leveraging our long-term track record, I believe the new A-share fund would be another outstanding product to our investors.”

Value Partners was granted its first batch of RQFII quota of RMB800 million in October 2013 and that will be applied to the fund. In April 2014, it obtained a new round of quota of RMB500 million. A series of RQFII products, including exchange-traded funds, are being developed and are expected to be launched in the near future. As of September 2014, Value Partners' A-share assets under management ("AUM") amounted to about USD800 million³.

Value Partners China A-Share Select Fund - fund facts:

| | |
|------------------------|--|
| Domicile | Hong Kong |
| Base currency | Renminbi ("RMB") |
| Currency class | RMB (CNH), USD / HKD / AUD / NZD / CAD Hedged ⁴ |
| Dealing frequency | Daily |
| Minimum subscription | RMB 60,000 or equivalent |
| Subscription fee | Up to 5% |
| Management fee | 1.5% p.a. |
| Performance fee | 15% of profit (High-on-high) |
| Manager & RQFII holder | Value Partners Hong Kong Limited |
| Trustee | HSBC Institutional Trust Services (Asia) Limited |
| Custodian | The Hongkong and Shanghai Banking Corporation Limited |
| PRC Custodian | HSBC Bank (China) Company Limited |

1. 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. 2. Source: HSBC, members of World Federation of Exchanges (2013 data) 3. Include funds that are specialized in A shares and other A-share investments in funds of Value Partners (include direct A-share investments and indirect exposure through other instruments, e.g. China A-share Access Products). 4. Currently available Hedged Classes include USD Hedged, HKD Hedged, AUD Hedged, NZD Hedged and CAD Hedged Classes. The fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the fund's use of FDI may become ineffective in hedging and the fund may suffer significant losses. Each hedged share class will hedge the fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the fund's base currency may be higher than that of the equivalent class denominated in the fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The USD/HKD/AUD/NZD/CAD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. More details and a full list of currency classes are available in the explanatory memorandum.

This document does not constitute a prospectus, an offer or an invitation to subscribe any securities, or a recommendation in relation to any securities. Investors should note investment involves risk and past performance is not indicative of future results. Please refer to the explanatory memorandum for details and risk factors in particular those associated with investment in China, non-investment grade debt securities, and in companies with medium or small capitalization. This document has not been reviewed by the Securities and Futures Commission. Issuer: Value Partners Hong Kong Limited.

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About Value Partners Group

Value Partners is one of Asia's largest independent asset management firms with assets under management of US\$11.2 billion (unaudited) as of 31 August 2014. Since its establishment in 1993, the firm has been a dedicated value investor with a focus on the Greater China region. In November 2007, Value Partners Group Limited became the first asset management firm listed on the main board of the Hong Kong Stock Exchange (Stock code: 806 HK). In addition to the Hong Kong headquarters, the firm operates in Shanghai, Beijing, Taiwan and Chengdu. Value Partners provides a range of investment solutions covering absolute return long-biased funds, long-short hedge funds, fixed income products, exchange-traded funds, as well as quantitative funds for institutional and individual clients in Asia Pacific, Europe and the U.S.

For more information, please visit www.valuepartners.com.hk.

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Value Partners China A-Share Select Fund

Unveil a wealth of opportunities in China's A-share market



RMB(CNH), USD/HKD/AUD/NZD/CAD Hedged Classes available*

 **Value Partners**
Investing through discipline

* Currently available Hedged Classes include Class A USD Hedged, HKD Hedged, AUD Hedged, NZD Hedged and CAD Hedged Classes. The Fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the Fund's use of FDI may become ineffective in hedging and the Fund may suffer significant losses. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The USD/HKD/AUD/NZD/CAD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies.

Investors should note investment involves risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the explanatory memorandum for details and risk factors in particular those associated with investment in emerging markets. This advertisement has not been reviewed by the Securities and Futures Commission. Issuer: Value Partners Hong Kong Limited.

Highlights of China's A-share Market

1 A new opportunity in one of the world's largest stock markets

- ▶ Standing at close to USD4.4 trillion or RMB27 trillion, China's onshore stock market is the third largest in the world
- ▶ The number of A-share companies has grown tremendously over the past 14 years, from 8 in 1990 to 2,537¹ now
- ▶ Until recently, this opportunity was not directly available to most investors outside China

China's stock market is amongst the top 3 in the world

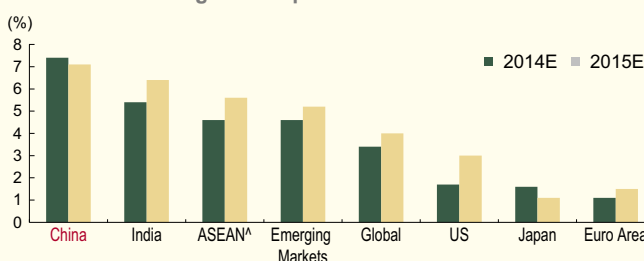
| Stock Market | Market Value (USD billion) | Market Value to GDP* | Average Daily Turnover over the past 12 months (USD billion) |
|---------------|----------------------------|----------------------|--|
| United States | 26,067 | 155% | 102.8 |
| Japan | 4,543 | 93% | 21.9 |
| China | 4,374 | 48% | 32.5 |
| Europe | 3,647 | N/A | 5.2 |
| Hong Kong | 3,353 | 1,225% | 5.6 |

Source: Bloomberg, WFE, CICC Strategy Research, data as of August 2014
* Gross Domestic Product

2 Strong fundamentals and well connected with the international market

- ▶ The Shanghai-Hong Kong Stock Connect program is set to open up the A-share market and attract foreign inflow, acting as a catalyst to bolster undervalued stocks
- ▶ The potential inclusion of A shares in MSCI Emerging Markets Index in 2015, with an expected weighting of as much as 10.2%², will further promote the internationalization of Renminbi (RMB) and boost market sentiment
- ▶ China is speeding up its policy reforms which will facilitate the opening up of its capital market, along with better corporate earnings and a steady economic growth outlook, more business opportunities will emerge

China's economic growth tops the world



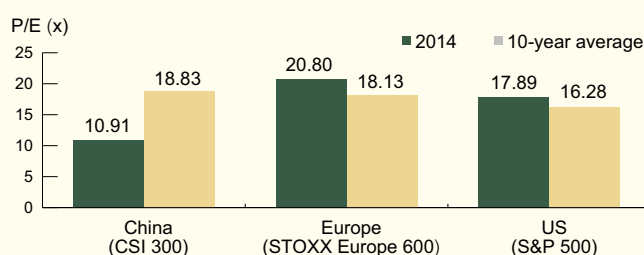
Source: International Monetary Fund, World Economic Outlook Database, July 2014

[^] Indonesia, Malaysia, Philippines, Thailand, and Vietnam

3 Attractively low valuations

- ▶ A-share prices are among the cheapest globally with a price-to-earnings (P/E) ratio of 10.9 times
- ▶ Valuations of sectors such as consumption, telecommunications, insurance and banking are below historical averages
- ▶ While the A/H share premium is modest, some A shares are trading at discounts to H shares, enhancing value investing opportunities

P/E of the A-share market is way below its 10-year average



Source: Bloomberg, as at 30 September 2014

4 Low correlation with global stock markets

- ▶ Hong Kong stock market is relatively more vulnerable to global capital flows. On the contrary, the correlation between A shares and global stocks is low, facilitating diversification of risks

A shares have lower correlation with global indices than H shares

| | CSI 300 | Shanghai Composite | Hang Seng China Enterprises |
|------------------------------|---------|--------------------|-----------------------------|
| Euro STOXX 50 | 0.16 | 0.16 | 0.34 |
| Nikkei 225 | 0.28 | 0.29 | 0.46 |
| S&P 500 | 0.10 | 0.10 | 0.20 |
| Dow Jones Industrial Average | 0.10 | 0.10 | 0.19 |

Source: Bloomberg, WFE, CICC Strategy Research, data as of August 2014

¹ Source: Wind, data as of 31 August 2014

² Source: Morgan Stanley Capital International, as of March 2014

Medium- to Long-term Investment Themes

| | |
|--|---|
| High-end pharmaceutical companies | China is rapidly increasing its medical expenditure. Leading high-end pharmaceutical firms with solid foothold and strong research capabilities will enjoy first-mover advantages and stand out in the fierce competition |
| Industrial stocks with leading market share | Industry consolidation will empower the larger players. Leading industrial names with own-branded products will outpace peers with obvious edge |
| Beneficiaries of state-owned enterprise (SOE) reform | SOEs with low corporate governance standard can improve amid reforms while giant SOEs can create values through business spin-offs |
| Selected consumer stocks | Middle class-driven consumer sectors such as automobiles, education and food may benefit from China's relaxation of the one-child policy, urbanization push and hukou reforms |

Fund Features

1 Actively managed China A-share fund

- ▶ An actively managed and high conviction A-share portfolio
- ▶ Flexible A-share allocation without bounded by benchmark indices
- ▶ Invest primarily in selected Shanghai- and Shenzhen-listed stocks

2 Capture a wealth of A-share investment opportunities

- ▶ Invest in quality non-Hong Kong listed firms that have strong profitability and attractive valuation
- ▶ Identify investment opportunities in small and medium-sized enterprises across different sectors, seeking to generate alpha returns
- ▶ Invest in high-dividend stocks that may benefit from the narrowing of valuation gap between A and H shares

3 Invest with an experienced team with proven track record

- ▶ The Best Asian Fund House³ with over 20 years of investment experience in the Greater China region
- ▶ One of the largest on-the-ground investment teams in Asia with around 50 professionals conducting about 2,500 company visits and in-depth research every year throughout the region
- ▶ Experienced in A-share investment with A-share assets under management of about USD800 million⁴

What is RQFII?

RQFII stands for "Renminbi Qualified Foreign Institutional Investors". It is a new policy initiative of the Mainland authorities that allows qualified holders of RQFII quota to directly invest RMB raised in Hong Kong into the China's stock market.



³ Value Partners was awarded "Asian Fund House of the Year" in AsianInvestor's Investment Performance Awards 2014 and "Asset Management Company of the Year (Hong Kong)" in the Asset's Triple A Investor and Fund Management Awards 2014.

⁴ Data as of September 2014, including funds that are specialized in A shares and other A-share investments in funds of Value Partners (include direct A-share investments and indirect exposure through other instruments, e.g. China A-share Access Products).

Investment Objectives

The Fund seeks to achieve long-term capital growth and income appreciation by mainly investing in RMB-denominated equities in the PRC by virtue of the Manager's status and quota under the RQFII framework.

Fund Facts – Class A

| | |
|------------------------------------|--|
| Domicile | Hong Kong |
| Base currency | RMB |
| Currency class | RMB (CNH), USD / HKD / AUD / NZD / CAD Hedged ⁵ |
| Dealing frequency | Daily |
| Management fee | 1.5% |
| Performance fee | 15% of profit (High-on-high principle) |
| Subscription fee | Up to 5% |
| Minimum subscription amount | RMB 60,000 or equivalent |
| Manager & RQFII holder | Value Partners Hong Kong Limited |
| Custodian | The Hongkong and Shanghai Banking Corporation Limited |
| PRC custodian | HSBC Bank (China) Company Limited |

Investment Team

| | |
|--|---------------------------|
| Chairman & Co-Chief Investment Officer | Cheah Cheng Hye |
| Deputy Chairman & Co-Chief Investment Officer | Louis So |
| Deputy Chief Investment Officer | Renee Hung |
| Senior Investment Director | Norman Ho, CFA |
| Investment Directors | Eric Chow; Alan Wang, CFA |

Corporate Awards



The Asset Triple A Investor and Fund Management Awards 2014
Asset Management Company of the Year (Hong Kong)
The Asset



AsianInvestor Investment Performance Awards
Marquee Awards:
Asian Fund House of the Year
AsianInvestor

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