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【For Immediate Release】

Value Partners Announces 2015 Final Results

Financial highlights

	For the year ended 31 December		
(In HK$ million)	**2015**	**2014**	**% Change**
Total revenue	**1,768.3**	1,599.4	+10.6%
Gross management fees	**1,144.7**	748.0	+53.0%
Gross performance fees	**309.0**	659.2	-53.1%
Operating profit (before other gains/losses)	**514.0**	749.6	-31.4%
Profit attributable to owners of the Company	**273.6**	804.2	-66.0%
Basic earnings per share (HK cents)[1]	**14.8**	45.4	-67.4%
Diluted earnings per share (HK cents)[1]	**14.8**	45.3	-67.3%
Interim dividend per share	**Nil**	Nil	
Final dividend per share (HK cents)[1]	**10.0**	16.0	-37.5%
Special dividend per share (HK cents)[1]	**6.0**	6.0	—
Total dividends per share (HK cents)[1]	**16.0**	22.0	-27.3%

(Hong Kong, 10 March 2016) — Value Partners Group Limited (together with its subsidiaries, "Value Partners" or "the Group", Stock Code: 806) today announced its final results for the year ended 31 December 2015.

Net sales of the Group soared 115% to an all-time high of US$4 billion in 2015 from US$1.9 billion a year earlier. The substantial increase in net sales, particularly in times of a turbulent environment, demonstrated the Group's resilience in capturing inflows and bolstered year-end assets under management ("AUM") of the Group by 21% to a record high of US$15.6 billion at end-2015.

The stockmarket rout in China, however, did take its toll on the overall income for the Group, particularly on performance fees. In the year ended 31 December 2015, profit attributable to owners of the Company stood at HK$274 million, declining 66% from HK$804 million a year earlier. The Group's core business, however, remained relatively solid. Operating profit before share option expenses and other gains or losses, which reflects our core earnings, only fell 18% to HK$616 million from HK$754 million in 2014. Management fees, the Group's major revenue contributor, increased 53% to HK$1,145 million (2014: HK$748 million) on the back of the growth in AUM, offsetting the decline in performance fees from HK$659 million to HK$309 million.

Mr. Timothy TSE, Chief Executive Officer of Value Partners, said: "Core earnings of Value Partners remained solid in 2015 despite extreme uncertainties in the market. We are pleased to see robust advancement across the Group's different business segments. With China opening its capital market and Chinese investors eyeing the outside world, compelling opportunities are emerging for well-positioned firms like Value Partners."

While the Group continued to invest for future growth, it maintained stringent cost discipline and kept fixed costs of fund management business well covered by net management fees (a relatively stable source of income that excludes other revenue sources such as performance fees). Fixed cost coverage ratio (net management fees divided by fixed costs) increased to 2.8 times from 2.6 times a year ago, demonstrating the operating leverage of the Group's business.

With cash flow remaining strong, the Group is pleased to propose a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents per share[1].

Staying focused on strategic priorities

In 2015, Value Partners remained highly focused on its strategic priorities, in which the Group continued to invest and upgrade its infrastructure. It is important that the Group looks beyond the short term and builds out business to be well-positioned when the market recovers.

1. <u>Diversifying product suite to weather all market cycles</u>

Value Partners has been well recognized by investors and the industry for investing in the equity market for 23 years since it launched its flagship fund – Value Partners Classic Fund – in 1993. However, market cycles have become shorter and less predictable than ever. It is crucial that Value Partners' product suite is well diversified, and offers solutions that perform in different market cycles and fit different risk appetites.

In 2012, the Group launched the first public fund in Hong Kong that focuses on offshore Greater China high-yield bonds - Value Partners Greater China High Yield Income Fund. This was proven a highly popular product that helped Value Partners attract US$1.3 billion of net inflows in 2015 despite the difficult market conditions. This fund was not only one of the top three contributors to the Group's net sales in 2015, but also the second-largest Value Partners-branded fund in our product suite in terms of AUM (US$2.3 billion[2]).

In October 2015, the Group introduced Value Partners Multi-Asset Fund. Encouraging response has been received as investors are looking for a vehicle to help them navigate through all market cycles, including a volatile environment.

While investor confidence falls everywhere, Value Partners High-Dividend Stocks Fund, the Group's largest own-branded fund, brought in US$1.5 billion of net inflows during the year. The fund was well accepted by investors as it is a relatively defensive strategy with income distribution feature. During the year, the Group further introduced this popular strategy to new markets including Malaysia and the United States ("the US"). Separately, the Group also expanded its product platform under the Undertakings for the Collective Investment in Transferable Securities ("UCITS") scheme by adding various thematic and equity funds.

On top of developing the Group's mutual fund product suite, Value China A-Share ETF, the world's first[3] value-based Renminbi Qualified Foreign Institutional Investor ("RQFII") A-share exchange-traded fund ("ETF"), was listed in Hong Kong in March 2015, giving investors a low-cost and convenient channel to get access to a basket of China A shares.

2. <u>Deepening distribution network for regional expansion</u>

In 2015, net sales of the Group more than doubled from a year earlier to a record high of US$4 billion, mainly driven by inflows gathered through its extensive distribution network which covers retail banks, private banks and insurance companies. During the year, the Group strengthened its ties with top-tier retail and private banks. Value Partners became a preferred partner of one of the world's largest banks and added a number of banks, including a leading Chinese bank, in its distribution network.

3. <u>Tapping China fund flows with multi-prong approach</u>

2015 was a milestone year for Value Partners' business in China as the Group made breakthroughs in establishing own-branded fund business in China and generated meaningful contribution. Net sales from China almost doubled in 2015 from a year earlier. During the year, the Group adopted a multi-prong approach in penetrating China's private fund market (dominated by high-net-worth individuals ("HNWIs")) and the institutional fund market. Meanwhile, it is also planning to enter the public fund market (where retail investors are the majority) through participating in the Mainland-Hong Kong Mutual Recognition of Funds ("MRF").

On the private fund front, the Group's wholly owned foreign enterprise ("WFOE") in Shanghai won the Qualified Domestic Limited Partner ("QDLP") qualification in 2015, making Value Partners the first Hong Kong-based asset management firm that has won such status. Similar to Qualified Domestic Institutional Investor ("QDII"), QDLP is a pilot scheme needed for mainland investors to invest overseas. With an initial QDLP quota of US$100 million, the Group has partnered with a number of banks and wealth management companies in China in rolling out its own-branded cross-border private funds that meet the overseas investment need of HNWIs in China.

With China gradually allowing foreign managers to tap the domestic fund market via WFOEs, the Group decided to expand its China presence through majority-owned entities. As a result, the Group agreed to sell a 49% stake in Goldstate Capital Fund Management Co., Ltd. In the first quarter of 2016, the disposal was approved by China Securities Regulatory Commission.

As for entering the public fund market in China, Value Partners has participated in the MRF which allows Hong Kong-domiciled funds to be sold in China and China-domiciled funds to be sold in Hong Kong. While the MRF scheme only came into effect on 1 July 2015, the Group's flagship Value Partners Classic Fund was among the 16[4] pioneering northbound MRF funds submitted for China Securities Regulatory Commission's approval. In the meantime, the Group has been in close discussions with distributors, including banks, securities companies, wealth management companies and online finance companies, to carry the fund on their platform. Once the MRF approval is granted, Value Partners will be able to directly tap China's individual investors in the public fund market.

On the institutional front, Value Partners continued to strengthen its ties with Industrial and Commercial Bank of China Limited ("ICBC"), China's biggest bank, since the partnership began in 2013. During the year, Value Partners worked with various units of ICBC on a number of cross-border investment products, including both equity and fixed income funds. Meanwhile, exciting opportunities arose in the Chinese insurance space as Chinese insurers are actively seeking overseas investments for yield enhancement and portfolio diversification. After fulfilling the overseas mandate qualification requirements of China Insurance Regulatory Commission in 2015, Value Partners won a cross-border mandate from one of the listed Chinese insurers. Meanwhile, the Group is also working closely with a number of mainland insurance companies to meet their overseas investment needs.

4. <u>Reshaping Taiwan business with institutional focus</u>

Over the past year, the Group noticed that Taiwanese life insurance companies, which are managing over US$500 billion of assets, have become more interested in overseas investments for better yields. The Group has increased its focus on leading Taiwanese life insurance companies, bolstering net sales contributed from Taiwan business in 2015.

Looking forward, the Group will continue to work closely with Taiwan's leading life insurance companies and further penetrate the institution segment in Taiwan. As opportunities arise, the Group will also introduce in Taiwan the best-selling strategies that are popular in Hong Kong.

5. <u>Expanding strategically overseas for sustainable growth</u>

Outside of Greater China, the Group has been growing its footprint in Singapore, Malaysia, the US and Europe strategically by leveraging the investment strategies of Value Partners' best-selling products and the network of distribution partners. In 2015, Value Partners Asset Management Singapore Pte Ltd ("VPAMS"), a wholly owned subsidiary of the Group, was granted the license to offer investment products and services to accredited investors and institutional investors in Singapore.

In June 2015, VPAMS partnered with Affin Hwang Asset Management Bhd, one of the top five asset managers in Malaysia, in launching Affin Hwang Dividend Value Fund, a feeder fund that invests in Value Partners High-Dividend Stocks Fund. The defensive strategy of the feeder fund was well received in Southeast Asia, generating decent inflows to the Group.

Moving to the other side of the globe, the Group has entered into a partnership with Aston Asset Management, LLC ("Aston"), a Chicago-based wholly owned affiliate of Affiliated Managers Group, Inc. ("AMG") which holds a 7% stake in Value Partners. In December 2015, ASTON/Value Partners Asia Dividend Fund was rolled out in the US, marking Value Partners' first product launched in the US retail market and strengthening the Group's strategic collaboration with Aston and AMG.

6. Growing small loan business with prudence

Chengdu Vision Credit Limited ("Vision Credit") is a unit of the Group focusing on lending to the white collar, small-business entrepreneurs, as well as small and medium-sized enterprises in Chengdu. In 2015, Vision Credit contributed HK$6.5 million of profit to the Group even though it was a difficult year for small loan companies in China amid the country's slowing economy. In view of the headwind in the small loan industry, Vision Credit will focus on borrowers with higher credit profile and uphold loan quality. It will also explore online platforms to broaden its reach to quality borrowers.

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1. *In 2015, dividend per share ("DPS") was higher than earnings per share ("EPS") as DPS was declared based on the Group's realized profit which excluded net fair value unrealized losses recognized during the year. On the contrary, EPS reflected the impact of net fair value unrealized losses.*
2. *Data as of 31 December 2015.*
3. *Source: Bloomberg, as of 20 March 2015 when the ETF was launched.*
4. *CSRC data as of 26 February 2016.*

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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 increased to US$15.6 billion as of 31 December 2015. 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, Taiwan, Singapore and Chengdu. Value Partners manages 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 United States.

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

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