

# Value Partners Group Limited

Incorporated in the Cayman Island with limited liability

A company listed on the Hong Kong Stock Exchange

Stock code: 806 HK



# 2015 Final Results

For the year ended 31 December 2015

*Results Presentation, 10 March 2016*

# Disclaimer

This document has been prepared by Value Partners Group Limited (the "Company") solely for use at the presentation.

The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of information or opinions provided by third parties contained herein. The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice and will not be updated to reflect material developments which may occur after the date of the presentation. None of the Company, nor any of their respective affiliates, or any of their directors, officers, employees, advisers or representatives shall have or accept any responsibility or liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information contained in this presentation is not intended to provide professional advice and should not be relied upon in that regard or for any other purpose. You are advised to obtain appropriate professional advice when necessary.

This presentation contains statements that reflect the Company's current beliefs and expectations about the future as of the respective dates indicated herein. These forward-looking statements are based on a number of assumptions about the Company's operations and factors beyond the Company's control and are subject to significant risks and uncertainties, and, accordingly, actual circumstances may differ materially from these forward-looking statements. The Company undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such dates.

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue, or the solicitation of an offer to buy or acquire, securities of the Company or any holding company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

This presentation and the information contained herein are given to you solely for your own use and information and no part of this presentation may be copied or reproduced, or redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organization / firm) in any manner or published, in whole or in part, for any purpose. In particular, neither this presentation nor any copy hereof may be distributed to the press or other media. No part of this presentation, or any copy hereof, may be distributed, reproduced, taken or transmitted into Australia, Canada, the European Economic Area, France, Ireland, Italy, Japan, the People's Republic of China, Singapore, Switzerland, the United Arab Emirates, the United Kingdom or the United States or its territories or possessions. Any failure to comply with the restrictions may constitute a violation of the relevant securities laws.

The presentation of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. No securities of the Company may be sold in the United States or to U.S. persons without registration with the United States Securities and Exchange Commission except pursuant to an exemption from, or in a transaction not subject to, such registration. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or under applicable securities laws of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold within the United States, Canada, Australia or Japan or to any national or resident of Canada, Australia or Japan. No public offer of securities of the Company is being made in the United States, Canada, Australia or Japan.

# Financial highlights

*By Icy Wong  
Head of Finance*

# Key highlights

|  | 2015                     | 2014              | % Change |
|--|--------------------------|-------------------|----------|
| <b>Profit</b>  | <b>HK\$274 million</b>   | HK\$804 million   | -66%     |
| <b>Assets under management</b>   | <b>US\$15.6 billion</b>  | US\$12.9 billion  | +21%     |
| <b>Total revenue</b>   | <b>HK\$1,768 million</b> | HK\$1,599 million | +11%     |
| <b>Gross management fees</b>   | <b>HK\$1,145 million</b> | HK\$748 million   | +53%     |
| <b>Gross performance fees</b>  | <b>HK\$309 million</b>   | HK\$659 million   | -53%     |
| <b>Operating profit (before share option expenses and other gains or losses)</b> | <b>HK\$616 million</b>   | HK\$754 million   | -18%     |
| <b>Basic earnings share<sup>1</sup></b>  | <b>HK14.8 cents</b>      | HK45.4 cents      | -67%     |
| <b>Diluted earnings per share<sup>1</sup></b>                                    | <b>HK14.8 cents</b>      | HK45.3 cents      | -67%     |
| <b>Final dividend per share<sup>1</sup></b>                                      | <b>HK10.0 cents</b>      | HK16.0 cents      | -38%     |
| <b>Special dividend per share<sup>1</sup></b>                                    | <b>HK6.0 cents</b>       | HK6.0 cents       | —        |
| <b>Total dividends per share<sup>1</sup></b>                                     | <b>HK16.0 cents</b>      | HK22.0 cents      | -27%     |

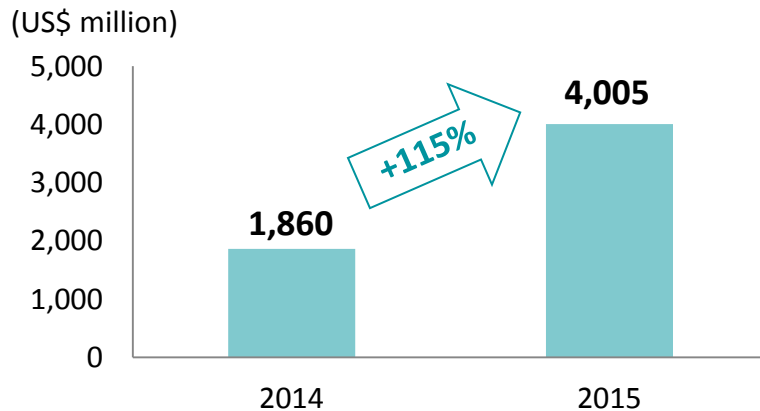
1. In 2015, dividend per share ("DPS") was higher than earnings per share ("EPS") as DPS was declared based on the Group's realized profit which excluded net fair value unrealized losses recognized during the year. On the contrary, EPS reflected the impact of net fair value unrealized losses.

# Net sales rose despite industry decline

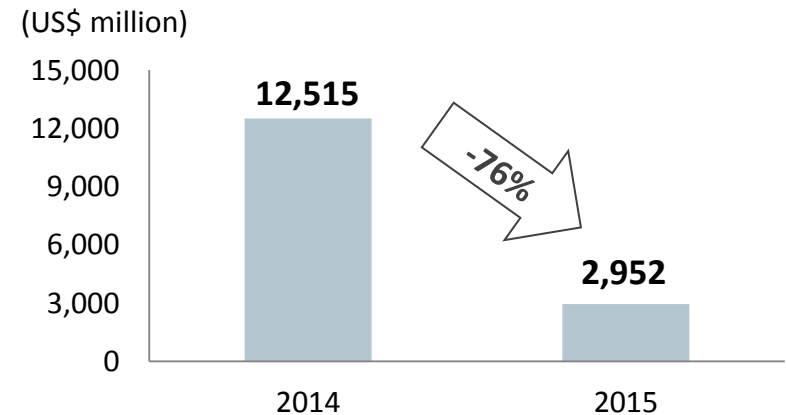
Value Partners

Hong Kong's fund industry<sup>1</sup>

Value Partners' net sales soared in 2015



Net sales in Hong Kong fell in 2015

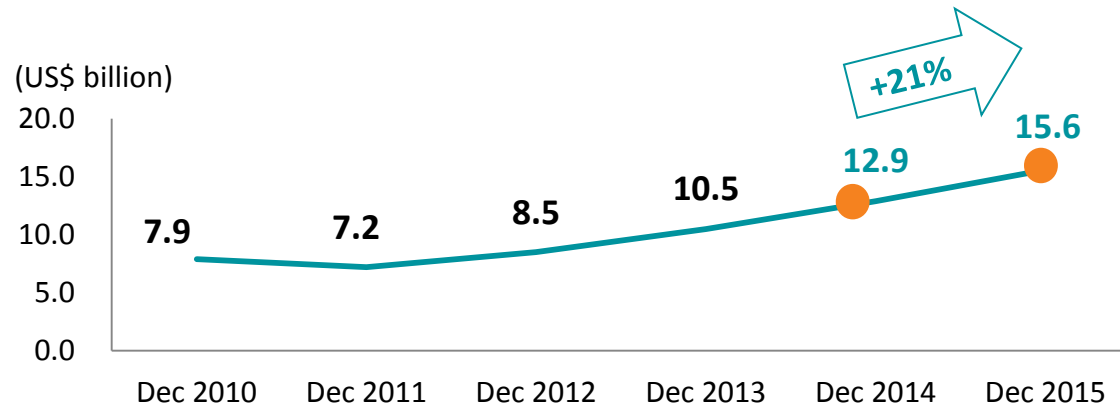


<sup>1</sup> A Hong Kong Investment Funds Association report which covers transactions from SFC authorized funds conducted through retail banks, independent financial advisory firms, insurance companies and direct engagement with clients with a Hong Kong-registered address. Data as of 31 December 2015.

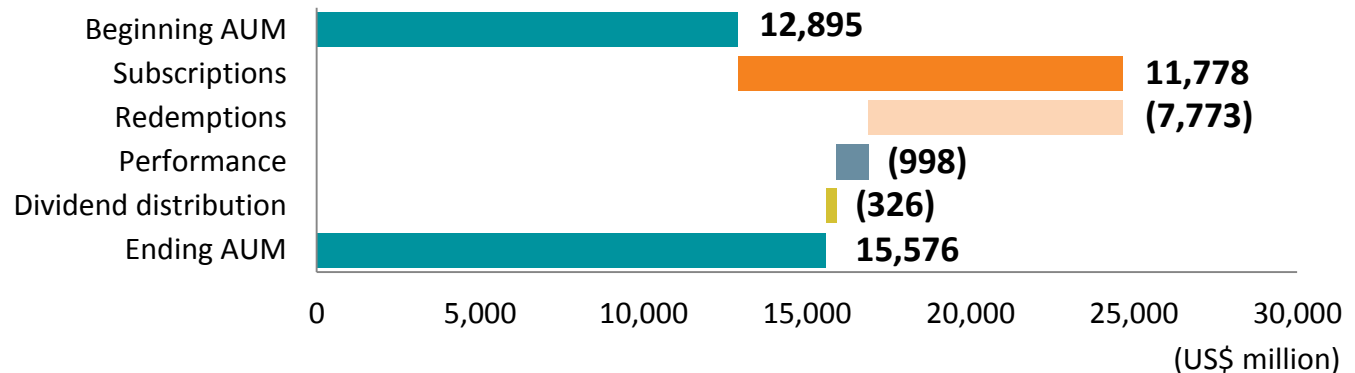
# Assets under management climbed further

Value Partners' AUM rose to US\$15.6 billion on 115% increase in net sales

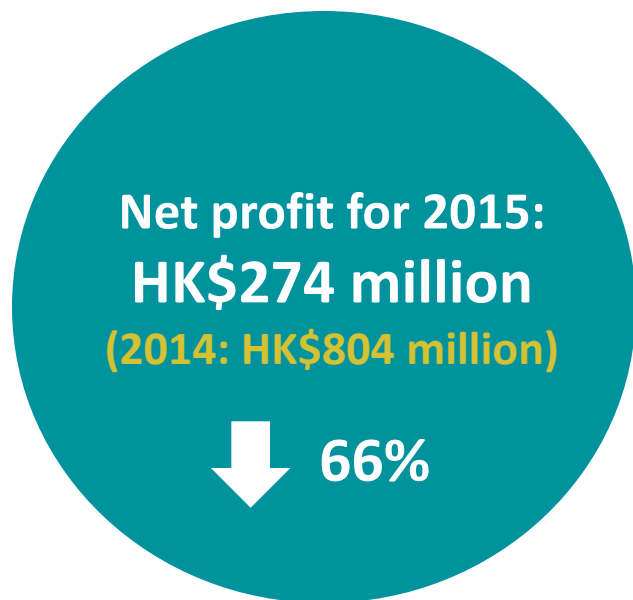
Year-end AUM reached all-time high in 2015



AUM change in 2015



# Net profit dragged



## Performance fees declined

- High watermark not met
- But some performance fees already crystallized in 1H 2015

## Recognition of staff stock option expenses

- Non-cash accounting expenses
- No impact on cash flow

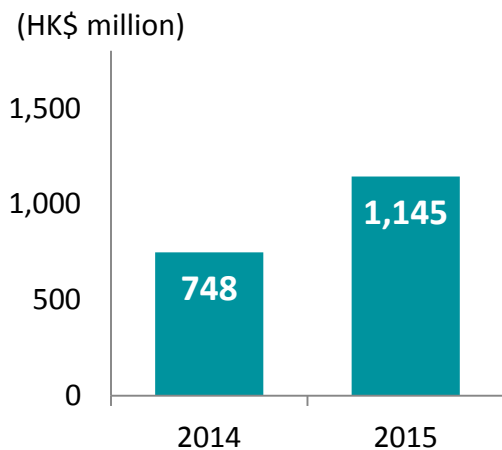
## Absence of net fair value gains and realized gains

- A modest loss of HK\$31 million for 2015  
(2014: gains of HK\$206 million)

# Core business remained sound

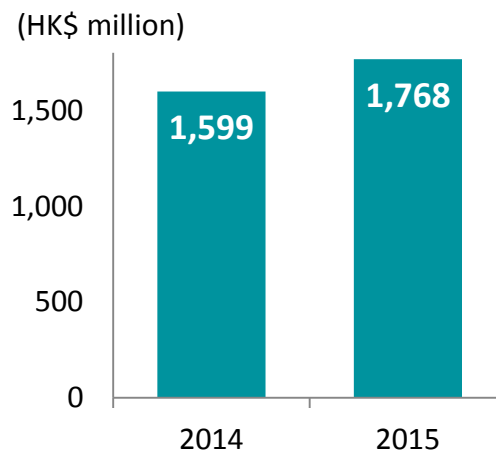
## Management fees

↑ 53%



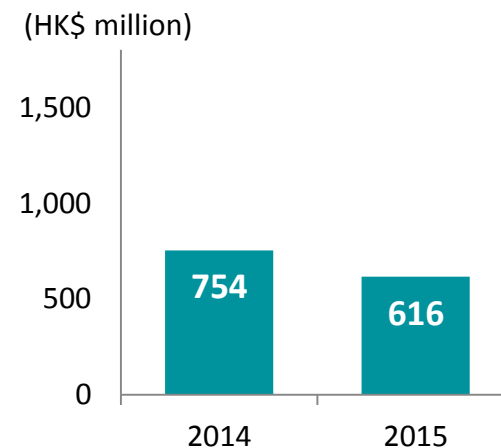
## Total revenue

↑ 11%



## Operating profit <sup>1</sup>

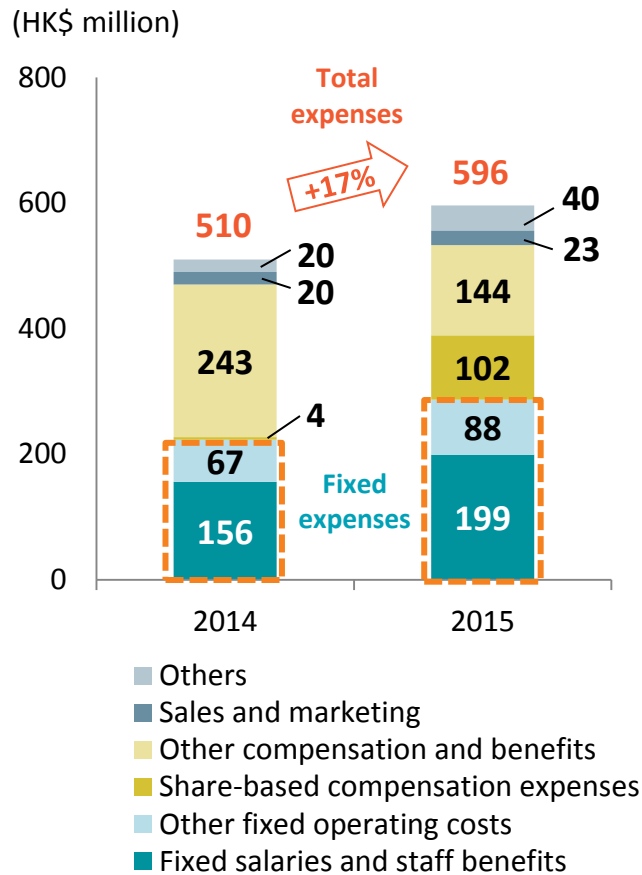
↓ 18%



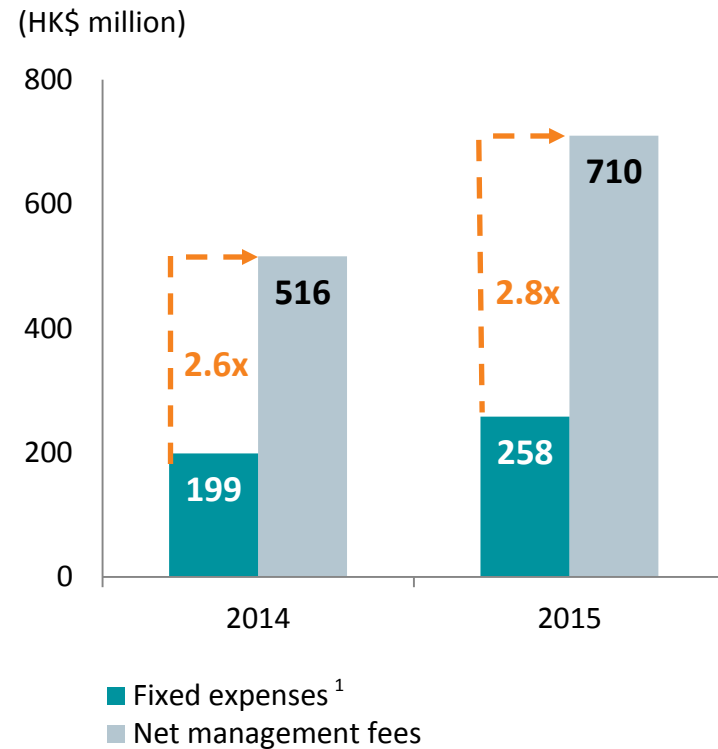
1. Operating profit refers to operating profit before share option expenses and other gains or losses.



## Breakdown of total expenses

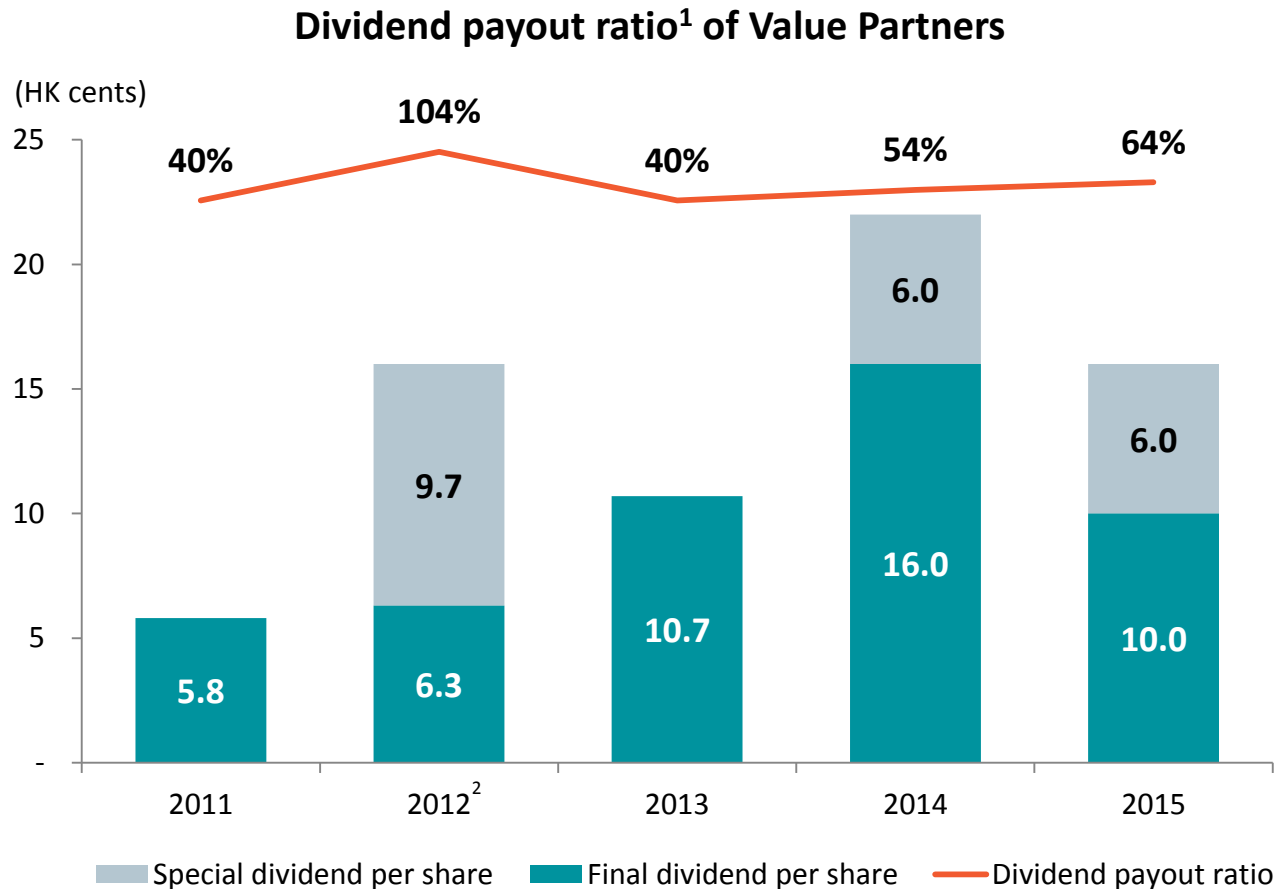


## Fixed cost coverage ratio



1. Fixed expenses mainly represent fixed salaries and benefits, rent, investment research, other administrative and office expenses for asset management business.

# Dividend payout ratio increased to 64%



**1.** Dividend per share was declared based on the Group's realized profit which excluded net fair value unrealized losses recognized in 2015. On the contrary, earnings per share reflected the impact of net fair value unrealized losses.

**2.** Special dividend was declared in 2012 to celebrate the Group's 20th anniversary.

# Business review

*By Timothy Tse  
Chief Executive Officer*

# Staying focused on strategic priorities

Progress for 2015 was achieved in extreme uncertainties, and we have remained highly focused on our strategic priorities, in which we continue to invest and upgrade our infrastructure.



1. Diversifying **product suite** to weather all market cycles



2. Deepening **distribution networks** for regional growth



3. Tapping **China fund flows** with multi-prong approach



4. Reshaping **Taiwan** business with institutional focus



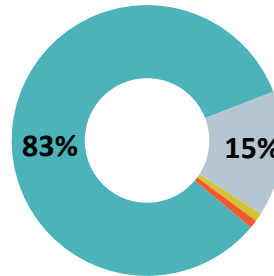
5. Expanding strategically **overseas** for sustainable growth

# 1. Diversifying product suite to weather all market cycles

## Our product mix in 2015

### Equity

Launched a number of new equity funds in Hong Kong, Europe, Malaysia and US.



### Fixed Income

VP Greater China High Yield Income Fund attracted US\$1.3 billion<sup>1</sup> of net inflows in 2015, among the top 3 contributor

■ Absolute Return Long-biased Funds

■ Fixed Income Funds

■ ETF & Quantitative Funds

■ Long-short Hedge Funds

### ETF

Value China A-Share ETF was launched

### Equity

Affin Hwang Dividend Value Fund was launched

### Equity

Various thematic funds were rolled out under UCITS platform

### Equity

VP Classic Fund became a MRF<sup>2</sup> applicant.

### Asset allocation

Introduced VP's first multi-asset fund

### Equity

ASTON/VP Asia Dividend Fund was launched in US

March

June

July

August

October











































December

1. Data as of 31 December 2015.

2. MRF refers to the Mainland-Hong Kong Mutual Recognition of Funds.

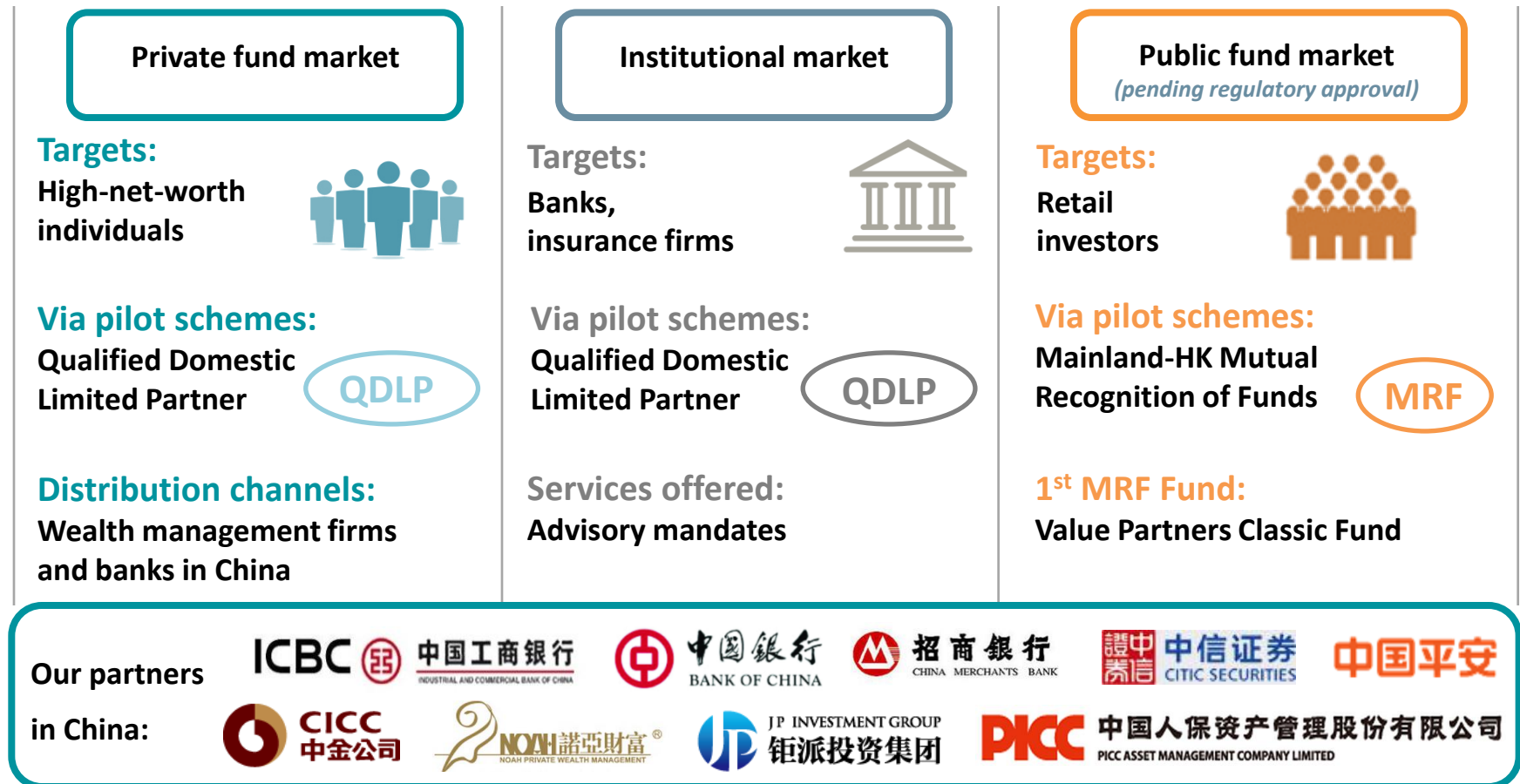
## 2. Deepening distribution networks for regional growth

### Value Partners' regional distribution network

| Retail banks / IFAs  | Private banks   | Insurance companies  |
|--|---|--|
|   <br> <br> <br> <br> <br> <br> <br>  |  <br> <br> <br> <br> <br><br>  |  <br> <br> <br> <br> <br>  |

### 3. Tapping China fund flows with multi-prong approach

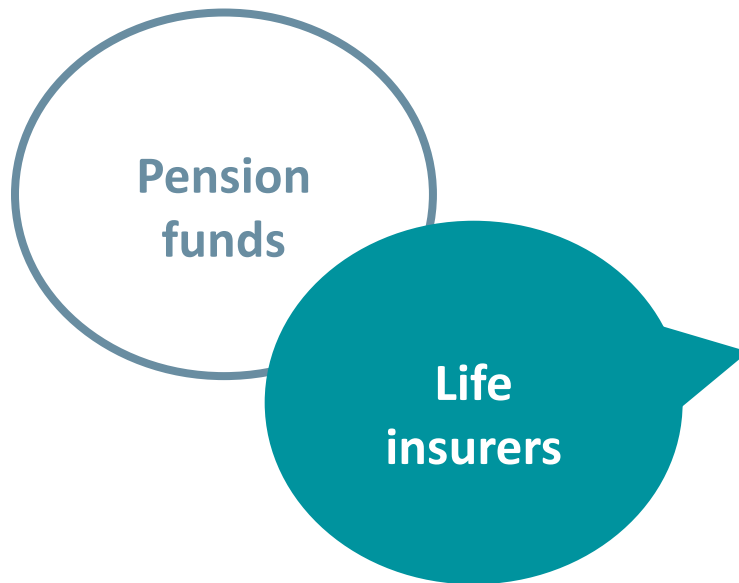
Net sales from China almost doubled in 2015 from a year ago on the back of the Group's multi-prong approach to penetrate China's market.



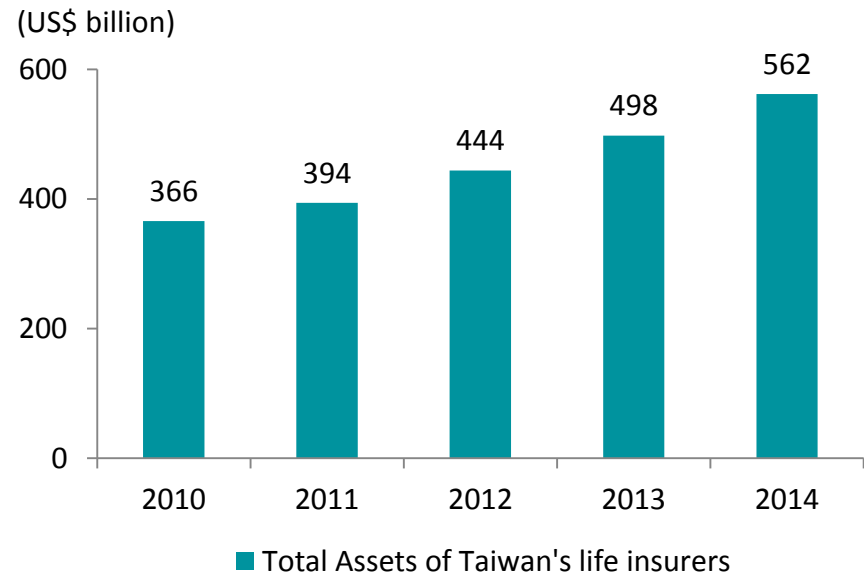
## 4. Reshaping Taiwan business with institutional focus

Value Partners sees vast opportunities in Taiwan's insurance and pension markets

Our key focuses in Taiwan



Taiwanese life insurance firms managed over US\$500 billion of assets<sup>1</sup>



1. Source: The Life Insurance Association of the Republic of China.



## 5. Expanding strategically overseas for sustainable growth

### In Southeast Asia



Our Singapore subsidiary received the license to offer investment products to **accredited investors and institutional investors in Singapore.**



Partnered with **Affin Hwang Asset Management** in launching a feeder fund that leverages our high-dividend strategy

### In Europe



Introduced various new funds under **UCITS scheme<sup>1</sup>**, including thematic and equity funds

### In United States



Partnered with **Aston Asset Management** in launching ASTON/Value Partners Asia Dividend Fund, marking Value Partners' first fund in the US retail market

<sup>1</sup>. UCITS refers to the Undertakings for the Collective Investment in Transferable Securities.

Value Partners is building up its presence in Singapore, Malaysia, US and Europe



# 2015 and 2016 corporate awards



2015 Best of the Best Regional Awards  
Longevity Award –  
Best Asset Management House  
over the last 20 Years (Co-Winner) <sup>1</sup>  
Value Partners



2015 Best of the Best Performance Awards  
20-Year Award for Greater China <sup>2</sup>  
Value Partners



Best Fund Provider –  
China Equity <sup>3</sup>  
Value Partners



Outstanding Achiever –  
Asia ex-Japan Equity <sup>4</sup>  
Value Partners



Outstanding Achiever –  
High Yield Fixed Income <sup>4</sup>  
Value Partners



China Securities Golden  
Bauhinia Awards 2015 <sup>5</sup>  
Best Fund House  
Value Partners

*1. Based on performance and achievements as of 30 November 2015. 2. Based on performance and achievements as of 30 September 2015. 3. Based on achievements as of 31 December 2014. 4. Reflecting performance as at September 2015. 5. China Securities Golden Bauhinia Award was sponsored by Ta Kung Pao and co-organized by other key regulatory and securities organizations. It was conducted and determined through a comprehensive evaluation mechanism by Tai Kung Pao together with various key regulatory authorities, securities institutions and economists in Hong Kong and mainland China. Past performance is not indicative of future results.*

# 2015 and 2016 corporate awards



Best Under a Billion 2015 Ranking <sup>1</sup>  
**Value Partners Group**  
Among the 200 leading listed companies  
in Asia Pacific with annual revenue between  
US\$5 million and US\$1 billion



International Financial Annual Champion  
Awards 2015 <sup>2</sup>  
**Value Partners**  
Best Asset Management  
Service Provider



2015 Asia Hedge Fund 25 <sup>3</sup>  
**Value Partners**  
Ranked 2nd in 2015 and 2014, and was  
the largest Asian hedge fund firm  
from 2010 to 2013



Fund Management Company  
of the Year (Hong Kong) <sup>4</sup>  
**Value Partners**



Top Investment Houses  
in Asian G3 bonds for 2015 <sup>5</sup>  
**Value Partners**



**Value Partners' senior fund manager -  
Mr. Gordon IP**  
Ranked 7<sup>th</sup> in the top 10 Astute Investors in  
Asian G3 bonds in Hong Kong in 2015 <sup>5</sup>  
(Ranked 10<sup>th</sup> in 2014)

*1. The 200 firms selected produced the highest sales and earnings per share growth for both the most recent fiscal one- and three-year periods, and the strongest five-year average return on equity, among 17,000 listed firms in the Asia-Pacific region with annual sales between US\$5 million and US\$1 billion. 2. Co-organized by Caixin Media and hexun.com. 3. Based on total assets under management as of 1 April for 2010-2015 among Asian hedge fund firms. 4. Based on achievements as of 31 December 2014. 5. Announced in October 2015 by The Asset Benchmark Research, the Most Astute Investors and Top Investment Houses (Hedge Funds) were selected by a poll covering global institutional investors that are active in the Asian G3 bond markets. Past performance is not indicative of future results.*

# Investor relations contact

## Value Partners Group Limited

9th Floor, Nexxus Building

41 Connaught Road Central, Hong Kong

[www.valuepartners.com.hk](http://www.valuepartners.com.hk)

## Ms. Icy Wong

Head of Finance

Email: [icywong@vp.com.hk](mailto:icywong@vp.com.hk)

Tel: (852) 2143 0464

WeChat 微信公众号



Value Partners Group