

【 For Immediate Release 】
Value Partners Group announces 75% jump in 2018 interim operating profit, deepens push into alternatives
Financial results for the six months ended 30 June 2018 (unaudited)

(in US\$ billion)	30/06/2018	31/12/2017	Change
Assets under management	17.2	16.6	+3.6%
(In HK\$ million)	1H 2018	1H 2017	Change
Fee income and other revenue	958.1	752.2	+27.4%
Gross management fees	712.9	546.7	+30.4%
Gross performance fees	50.7	22.3	+127.4%
Total expenses	(266.9)	(226.0)	+18.1%
Operating profit (before other gains/ losses)	246.1	140.3	+75.4%
Profit attributable to owners of the Company	194.3	219.5	-11.5%
Basic earnings per share (HK cents)	10.5	11.8	-11.0%
Diluted earnings per share (HK cents)	10.5	11.8	-11.0%
Interim dividend per share	Nil	Nil	

(Hong Kong, 14 August 2018) — Value Partners Group Limited (together with its subsidiaries, "Value Partners" or "the Group", Hong Kong Stock Code: 806) is pleased to announce today its financial results for the six months ended 30 June 2018.

HIGHLIGHTS

- **Total revenue** increased 27.4% compared to a year ago to HK\$958.1 million. The higher revenue was underpinned by a 30.4% rise in **gross management fees** to HK\$712.9 million and a 127.4% increase in **gross performance fees** to HK\$50.7 million.
- **Operating profit** jumped 75.4% compared to year ago to HK\$246.1 million on the back of the stronger top line and continued emphasis on prudent cost controls.
- **Profit attributable to owners of the Company**, however, declined 11.5% versus a year ago to HK\$194.3 million due to mark-to-market losses on investments against a weak market backdrop in the first half of 2018.
- **Assets under management ("AUM")** totalled US\$17.2 billion as of 30 June 2018, up from US\$15.5 billion a year ago and US\$16.6 billion at the end of 2017.
- The higher AUM was driven by a **net inflow** of US\$1.6 billion in the first half of 2018, which compares to a net outflow of US\$278 million in full-year 2017.
- The **Value Partners Greater China High Yield Income Fund**, the Group's flagship fixed income fund, continued to record strong net inflows that amounted to US\$1.5 billion in the first half of 2018.
- **Gathering momentum on the mainland of China**
 - AUM from China rose around 30% in the first half of 2018 to surpass the US\$1 billion mark.
 - Launched second private investment securities fund in July.
 - Signed agreement to establish a private equity fund¹ on the mainland of China that focuses on China's rapidly growing private education industry.
- **Product suite expansion**
 - Alternatives will play a central role in the next stage of the Group's product suite expansion.
 - Fixed income suite now encompasses six funds that cover most of the risk spectrum, following the launch of the Value Partners Asian Total Return Bond Fund in April 2018.
- **A global presence**
 - On track to open offices in the U.S. and Malaysia in 2018.

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

At the beginning of 2018, our funds started to adopt a more defensive positioning after what was one of the best years in recent history for asset managers. Our cautious stance proved prudent as a combination of factors including

escalating U.S.-China trade tensions upended global financial markets in recent months. In operating our business, we are adopting a similarly cautious stance as we strictly enforce our stringent cost controls to navigate this bout of volatility. However, the passing turbulence hasn't detracted from our progress towards achieving our strategic goal of becoming a world-class asset manager that serves as an investment solutions provider to investors in China and a China investments expert to investors from the rest of the world. We are pleased to share that we have made significant inroads with our business on the mainland of China in the first half of 2018. We have also made notable progress in broadening our product suite and strengthening our distribution capabilities.

Gathering momentum on the mainland of China

The first half of 2018 marked the beginning of the conversion of opportunities into results for Value Partners on the mainland of China.

In early January, we launched our first private investment securities fund in China's domestic market after having become the first Hong Kong-based asset manager to be granted a private fund management ("PFM") license in November 2017. On the back of the momentum that we have seen with our first PFM fund, we launched our second PFM fund in July and plan to launch another PFM fund this year, subject to regulatory approval.

We also made our first foray into the private equity space on the mainland of China. In June, our Shenzhen subsidiary entered into a framework agreement with a subsidiary of China Education Group, one of China's largest private higher education companies, to establish a private equity fund that invests primarily in China's higher education and vocational education segments. The fund will be among the first to enable both Chinese and global investors to invest directly in China's rapidly growing private education sector.

Product suite expansion

Alternatives will play a central role in the next stage of our product suite expansion now that we have completed most of the groundwork for growing our fixed income offerings. We anticipate strong demand for alternative investment funds in Asia as investors increasingly look to diversify across multiple asset classes. At the same time, the ripening ecosystem for alternative investments in China presents an exciting investment opportunity set that is attractive to fund investors globally. The low correlation in performance and flows between alternatives and traditional asset classes also make the asset class an appropriate addition to our AUM mix.

In addition to the launch of our inaugural private equity fund on the mainland of China, our Asia-Pacific private equity real estate platform, which launched in June 2017, continues to make exciting progress and has been adding to its strong performance track record. In the coming year, we look to add a sizeable private debt fund¹ to complement the strongly performing fixed income hedge fund¹ that we launched late last year. We are also preparing to launch another real estate private equity fund¹ with the same investment strategy as our first fund.

A global presence

Value Partners is on track to open an office in the U.S. later this year. The office will serve as a distribution hub that will allow us to better access and engage with institutional investors in North America as appetite for China and Asian investments among this segment builds.

In addition to a U.S. office, we also plan to open a Malaysia office this year. Our Malaysia office and our Singapore office will complement each other in our coverage of Southeast Asia both products-wise and distribution-wise. Additionally, Malaysia will house our Southeast Asia-focused quantitative investment solutions ("QIS") initiatives and potential new business areas such as Shariah-compliant funds. On the distribution front, a Malaysia office also makes for a natural extension to the strong distribution network and brand that we already have in the country.

Meanwhile, in Europe, our U.K. subsidiary received approval from the Financial Conduct Authority in March to provide regulated products and services in the U.K. Additionally, we are looking to add a core-China equity fund to the six funds that we are already distributing in Europe.

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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\$17.2 billion as of 30 June 2018. Since its establishment in 1993, the firm has been a dedicated value investor in Asia and around the world. In November 2007, Value Partners Group became the first asset management firm to be 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, Shenzhen, 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 the Asia Pacific, Europe and the United States. The Group also offers exchange-traded funds under the brand of Value ETF. For more information, please visit www.valuepartners-group.com.

Investor and media enquiries

Isabella ZHONG
Associate Director, Investor Relations and
Communications
Email: isabellazhong@vp.com.hk
Tel: (852) 2143 0449

Media enquiries

Nelly POON
Manager, Marketing and Communications
Email: nellypoon@vp.com.hk
Tel: (852) 2143 0441