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Value Partners Group

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【For Immediate Release】

Value Partners Announces 2011 Final Results

Financial highlights

(In HK$ million)	**2011**	**2010**	**% Change**
Total revenue	**688.9**	1,075.2	-35.9%
Gross management fees	**491.4**	343.8	+42.9%
Gross performance fees	**139.5**	708.5	-80.3%
Profit attributable to equity holders of the Company	**167.3**	653.2	-74.4%
Basic earnings per share (HK cents)	**9.5**	40.1	-76.3%
Diluted earnings per share (HK cents)	**9.5**	39.9	-76.2%
Interim dividend per share	**Nil**	Nil	
Final dividend per share (HK cents)	**5.8**	16.0	-63.8%

(Hong Kong, 13 March 2012) — Value Partners Group Limited (together with its subsidiaries, "Value Partners" or "the Group", Hong Kong Stock Code: 806) today announced its annual results for the year ended 31 December 2011.

The Group's revenue declined by 35.9% to HK$688.9 million for the year. Profit attributable to equity holders of the Company for the year was HK$167.3 million, marking a 74.4% decrease from last year. The drop in net profit was primarily due to a reduction in performance fees and a mark-to-market loss on our fund investments (2011: losses of HK$95.1 million; 2010: gains of HK$85.2 million). As of 31 December 2011, the Group's AUM stood at US$7.2 billion, recording a net decrease of 9.9% from a year ago (2010: US$7.9 billion).

For reference, the unaudited AUM as of 31 January 2012 were approximately US$7.7 billion, while the year-to-date unaudited fair value gains on our fund investments up to 29 February 2012 were approximately HK$90 million.

Gross subscription for the year, at US$2,933 million, was higher than in the previous year (2010: US$2,586 million), while gross redemptions totaled US$2,086 million (2010: US$1,319 million). Considering the challenging market situation, the net outflows of client funds during the second half of 2011 were relatively limited at only US$54 million. For the year, net subscriptions amounted to US$847 million, the second highest in the Group's operating history.

"Despite the troubles facing the financial services industry, Value Partners Group remains a steady ship," said **Mr. CHEAH Cheng Hye, Chairman and Co-CIO** of the Group. "The business is profitable, our funds continue to pile on the performance awards and the Group is on track in building up its brand, resources and market position, as reflected in a strongly positive inflow of subscriptions in 2011."

In the first half, there was strong momentum in the Group's institutional business, particularly with more inflow from institutional investors such as large corporate pensions in the United States. Also, much effort has been put into expanding relationships with private banks in the region and results have been very encouraging. On the retail front, the Group sustained its leading market position with retail investors in Hong Kong and continued our expansion of distribution channels.

Greater China platform making strides

On 8 March 2012, the Group announced the acquisition of a 49% stake in KBC Goldstate Fund Management Company Limited, a licensed mutual fund management company headquartered in Shanghai, which is to be renamed as Value Partners Goldstate Fund Management Company Limited

("VP Goldstate"). Upon completion, this will represent the first Sino-foreign joint venture mutual fund management company with a 49% stake – the maximum shareholding for non-mainland shareholders permissible under China regulations – that has been acquired by a Hong Kong headquartered fund management firm.

In 2011, the Group completed acquisition of a 55.46% stake in Value Partners Concord Asset Management Company Limited ("VP Concord"), a licensed fund management firm in Taiwan, and subsequently increased our stake to slightly over 60%. In addition, we have set up a joint venture private equity fund management company in Kunming, Yunnan, and built a team of eight professionals.

Following the acquisitions, the Group will have an investment team of 56 professionals (15 from VP Goldstate) focusing on the Greater China region, which will further enhance our capabilities in bottom-up, on-the-ground research.

Strong financial positions allowing further development

The Group's total expenses amounted to HK$253.1 million (2010: HK$319.3 million). For the year, the Group's management continued to exercise stringent cost discipline and aimed to keep fixed operating expenses well covered by its net management fee income, a relatively stable income source. We measure this objective with the "fixed cost coverage ratio", an indicator of how many times fixed operating expenses are covered by net management fee income. For the year, the Group's fixed cost coverage was 2.6 times.

Overall, the Group managed to maintain sound financial health and profitability in a year generally difficult for asset managers worldwide. The Group's balance sheet and liquidity remained strong, with a net cash balance of HK$1,315.3 million. Net cash inflows from operating activities amounted to HK$642.0 million, and the Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The strong financial position prepares the Group for further business development in its strategic markets in the region.

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About Value Partners Group Limited

Value Partners is one of Asia's largest independent asset management firms with unaudited assets under management of US$7.7 billion as of 31 January 2012. 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 only asset management firm listed on the main board of the Hong Kong Stock Exchange (Stock code: 806 HK). Value Partners manages 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 United States. For more information, please visit www.valuepartnersgroup.com.hk.

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