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**【 For Immediate Release 】**

## Value Partners Announces 2012 Interim Results

### Financial highlights

(In HK\$ million)	1H 2012	1H 2011	% Change
Total revenue	<b>266.6</b>	385.4	-30.8%
Gross management fees	<b>228.3</b>	251.0	-9.0%
Gross performance fees	<b>0.9</b>	107.0	-99.2%
Profit attributable to equity holders of the Company	<b>88.2</b>	198.7	-55.6%
Basic earnings per share (HK cents)	<b>5.0</b>	11.3	-55.8%
Diluted earnings per share (HK cents)	<b>5.0</b>	11.1	-55.0%
Interim dividend per share	<b>Nil</b>	Nil	

**(Hong Kong, 21 August 2012)** — Value Partners Group Limited (together with its subsidiaries, “Value Partners” or “the Group”, Hong Kong Stock Code: 806) today announced its six month results for the period ended 30 June 2012.

The Group’s revenue declined by 30.8% to HK\$266.6 million for the period. Profit attributable to equity holders of the Company for the first half of 2012 was HK\$88.2 million, marking a 55.6% decrease from the same period last year. The decline was primarily due to a significant drop in performance fees, as most of the funds under the Group’s management with performance fee crystallizing in the first half of 2012 did not exceed their high watermark or benchmark. However, for most of the Group’s major own branded funds, the performance fee crystallization is at the end of the year, and the performance in the second half of the year would determine whether the Group can collect further performance fee in 2012.

**Mr. Timothy TSE, CEO of Value Partners**, said, “In the first half of 2012, volatility remained in the global stock markets and investor sentiment was poor. Despite this challenging industry landscape, our business remains stable and profitable. The Group managed to maintain a strong financial position with AUM stably held at US\$7.2 billion as at 30 June 2012,”

Value Partners recorded net subscriptions of US\$71 million in the first half of 2012. Gross subscriptions amounted to US\$954 million, and compared to the same period last year, it went down substantially due to poor market sentiment. However, redemptions also decreased in the six month period.

The Group’s total expenses amounted to HK\$116.8 million (1H 2011: HK\$131.6 million). 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. The Group’s management measures 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 reporting period, the Group’s fixed cost coverage was 2.1 times (for asset management business).

Overall, the Group managed to maintain sound financial health. The Group’s balance sheet and liquidity remained strong, with a net cash balance of HK\$996.3 million. Net cash inflows from operating activities amounted to HK\$38.1 million, and the Group had no borrowings.

“In Value Partners, long-term fund performance is our core competence. We are determined to delivered sustainable and superior fund performance through our strong and original on-the-ground research team,” said **Mr. TSE**. “Going forward, as we build Value Partners into a world-class, independent fund house in the region, we will continue to stay very focused on our strategic priorities, including delivering strong long-term fund performance, expanding our distribution network, diversifying our global investor base and capturing business opportunities in mainland China.”

In the past few years, the Group has aggressively expanded its investment team to around 40 people, and put local professionals on the ground in mainland China to enhance the research capabilities. Every year, the investment team conducts 2,500 company visits, excluding phone calls, to find value investments. While the short-term market cycle may not be in their favor, Value Partners management believes value investing is an effective strategy in the long run. The Group's flagship Value Partners Classic Fund is a case in point to illustrate how value investing might yield over the long term. Since the fund's inception in 1993, it has made an annualized return of 16.2% with low annualized volatility of 22.7% as of the end of June 2012<sup>1</sup>.

Value Partners has successfully established a solid foothold in Hong Kong's retail distribution market. By the first half of 2012, the Group has signed up all major first-tier retail banks as their fund distributors. With the aim to deepen and broaden the sources of fund inflows, the Group has also signed up all major private banks. The Group will focus on expanding relationships with major insurance and bancassurance companies, and these are channels where they see inflows of sticky money and contribute significantly to their AUM.

On the institutional front, the Group continues to broaden and deepen their relationships with institutional investors in United States and Europe. With the demand for higher investment exposure to Asia and regular income products, the Group launched a UCITS-compliant fund and a fund focused on Greater China high yield investments<sup>2</sup>. On ETF product suite, the Group launched three new value-styled ETFs, including the Value Taiwan ETF, Value Korea ETF and Value Japan ETF.

In March 2012, Value Partners acquired a 49% stake in Value Partners Goldstate Fund Management Company Limited in Shanghai. This venture represents an important step in their regional development. The Group's latest business development in the China market is the Qianhai Bay Economic Zone. Qianhai is a pilot area to be built into an international financial hub with a mandate to spearhead Renminbi internationalization. Value Partners will work closely with the authorities in the coming years to capitalize on the favorable policies in Qianhai and tap into the business potential there.

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<sup>1</sup> Fund performance mentioned is referring to Value Partners Classic Fund "A" Unit (inception date: 1 April 1993). Performance figures are calculated in US dollars terms on NAV to NAV, with dividends reinvested. Performance data is net of all fees. Performance of the Fund (A Units) over past five years: 2007: +41.1%; 2008: -47.9%; 2009: +82.9%; 2010: +20.2%; 2011: -17.2 %; 2012 (YTD as at 30 June 2012): -3.4%.

<sup>2</sup> Not authorized by the SFC and not available for public distribution in Hong Kong.

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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\$7.2 billion as of 30 June 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, fixed income and credit funds for institutional and individual clients in Asia Pacific, Europe and the United States. For more information, please visit [www.valuepartners.com.hk](http://www.valuepartners.com.hk).

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