

【For Immediate Release】
Value Partners Announces 2013 Interim Results
Financial highlights

(In HK\$ million)	For the period ended 30 June		
	2013	2012	% Change
Total revenue	358.6	266.6	+34.5%
Gross management fees	291.0	228.3	+27.5%
Gross performance fees	15.4	0.9	+1,611.1%
Operating profit (before other gains/losses)	126.1	88.8	+42.0%
Profit attributable to equity holders of the Company	3.3	88.2	-96.3%
Basic earnings per share (HK cents)	0.2	5.0	-96.0%
Diluted earnings per share (HK cents)	0.2	5.0	-96.0%
Interim dividend per share	Nil	Nil	

(Hong Kong, 13 August 2013) — Value Partners Group Limited (together with its subsidiaries, “Value Partners” or “the Group”, Hong Kong Stock Code: 806) today announced its interim results for the period ended 30 June 2013.

In the first half of 2013, Value Partners continued to achieve growth with its business remained profitable. Despite a challenging environment for the fund industry, the Group managed to achieve a strong net sales of US\$553 million, which is a 6.8 times increase compared to same period last year. The strong net inflow is mainly contributed by the Group’s existing equity funds, as well as the new Value Partners Greater China High Yield Income Fund. Its High-Dividend Stocks Fund drew a net subscription of US\$309 million in the period and this represented the largest amount of net inflow for the Group. The QFII A-share fund¹, inflow from China and Taiwan businesses also served as key growth drivers.

Mr. Timothy TSE, CEO of Value Partners, said, “I am glad that we are able to achieve strong net inflow, despite a tough investment environment. In the first six month of the year, our profit recorded a decline of 96%. However, we saw a healthy growth on our revenue, management fee, as well as performance fees. We even managed to drive up our net management fee margins, thanks to greater inflow into our own branded funds with which we enjoy a higher profit margin.” By the end of June 2013, Value Partners’ total unaudited assets under management (“AUM”) stood at 8.6 billion.

Profit attributable to equity holders dropped 96.3% to HK\$3.3 million in the period, compared with HK\$88.2 million in the prior year. The substantial decline is driven mostly by the net fair value losses of the Group’s seed capital investments and investments in its own funds. As a result, the aggregate losses on investments amounted to HK\$101.8 million, but by the end of July 2013, the Group already recouped HK\$36.7 million that was lost. By excluding the net fair value losses, Value Partners’ fund management business remained robust. The Group recorded an increase of 42.0% in its operating profit (before other gains/losses)², which rose to HK\$126.1 million.

As China restructures its economic model for more a balanced and sustainable development, Value Partners sees arising opportunities and the Group has been actively pursuing its presence in the domestic China fund management industry, to capture capital outflow from China. It has also been broadening its product offerings across asset class and geographies, and has started collaborating with various top-tier mainland distributors to offer more products. The Group is in discussion with mainland institutional investors seeking to capture business in the segment.

Chengdu Vision Credit Limited, a joint venture of the Group, operating small loan business in the city, continued to grow and has built a sizeable team. The loan balance outstanding was around HK\$77 million by the end of June 2013, mainly focusing on the white collar, small-business entrepreneurs and small- and medium size enterprises. The company has a healthy loan quality and the Group is confident that this business will contribute positively to the Group's revenue source.

Overall, the Group managed to maintain sound financial health. The Group's total expenses amounted to HK\$137.9 million (1H 2012: HK\$116.8 million). The fixed costs of the Group's fund management business were well covered by net management fee income alone, at a coverage ratio of 2.7 times. The Group's balance sheet and liquidity remained strong, with a net cash balance of HK\$822.9 million. Net cash inflows from operating activities amounted to HK\$126.9 million, and the Group had no borrowings.

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- 1 Not authorized by the SFC and not available for public distribution in Hong Kong.
 - 2 Other gains/losses mainly include fair value changes and realized gains/losses on disposal of seed capital investments, investments in own funds and other investments; and net foreign exchange gains/losses.

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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\$8.6 billion as of 30 June 2013. 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, as well as fixed income products for institutional and individual clients in Asia Pacific, Europe and the U.S.

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

Media enquiries:

Value Partners Group Limited

Teresa Yu
Associate Director, Marketing and Communications
Email: teresayu@vp.com.hk
Tel: (852) 2143 0320