

【For Immediate Release】

Value Partners Announces 2013 Final Results

Financial highlights

(In HK\$ million)	2013	2012	% Change
Total revenue	1,027.6	651.6	+57.7%
Gross management fees	603.9	461.8	+30.8%
Gross performance fees	317.0	112.1	+182.8%
Operating profit (before other gains/losses)	468.2	254.4	+84.0%
Profit attributable to equity holders of the Company	384.3	376.4	+2.1%
Basic earnings per share (HK cents)	21.9	21.4	+2.3%
Diluted earnings per share (HK cents)	21.8	21.4	+1.9%
Final dividend per share (HK cents)	10.7	6.3	+69.8%
Special dividend per share (HK cents)	Nil	9.7	

(Hong Kong, 13 March 2014) — Value Partners Group Limited (together with its subsidiaries, “Value Partners” or “the Group”, Hong Kong Stock Code: 806) today announced its final results for the year ended 31 December 2013.

2013 was a milestone year for Value Partners as it became the first home-grown asset management company in Hong Kong managing more than US\$10 billion of assets. The Group’s total assets under management (“AUM”) increased to US\$10.5 billion as of 31 December 2013 (2012: US\$8.5 billion), driven by solid investment performance and strong inflows of funds. Net sales surged to a record US\$1.3 billion (2012: US\$0.2 billion) contributed by the Group’s existing funds, institutional mandates, as well as China and Taiwan businesses.

Total revenue increased 58% to HK\$1 billion. Gross management fees, the major contributor to revenue, rose 31% to HK\$604 million while gross performance fees surged 183% to HK\$317 million as performance of some of our funds surpassed their respective high watermarks. Profit attributable to equity holders increased slightly to HK\$384 million from HK\$376 million in 2012 because of the drag from treasury operations, which include the Group’s seed capital investments and investments in own funds. Operating profit (before other gains/losses¹) surged 84% to HK\$468 million.

Over the years, Value Partners has been offering a range of quality products for both institutional and retail investors. The Group continued to expand its distribution network and attract significant inflows in the year. Value Partners High-Dividend Stocks Fund (AUM: US\$1,747 million²), the Group’s largest public fund that is designed to capture strong dividend plays across Asia Pacific, drew a net inflow of US\$790 million. The fund was named the Best Asia ex-Japan Equity Fund in the recent 2014 Morningstar Awards³. In fact, a number of Value Partners’ funds have been receiving four- or five-star ratings from Morningstar². In addition, the Group continued to attract overseas investors who aim at capitalizing potential opportunities arisen from China. In 2013, the Group won new investment mandates from institutional investors including The Asia Pacific Fund, Inc.⁴ and The Rock Creek Group in the United States.

Tapping cross-border opportunities – QDII, QFII and RQFII

As China expands the Qualified Foreign Institutional Investor (“QFII”) scheme and Renminbi Qualified Foreign Institutional Investor (“RQFII”) scheme to allow more capital flowing into the country, the Group has stepped up efforts in tapping China’s domestic market, which has ample domestic savings. Leveraging the US\$100 million QFII quota received in December 2012, the Group launched an A-share product⁴ in March 2013, primarily for institutional investors. In October 2013, Value Partners obtained an RMB800 million RQFII quota. A series of RQFII products, including equity funds, are being developed for launch. More quotas will be applied for when needed.

Riding on mainland investors' interest to tap the securities market outside China, Value Partners and China Merchants Bank launched in February 2013 a QDII product⁴ which raised RMB209 million (US\$33 million). The Group also won a few A-share advisory mandates from a leading mainland bank since 2013.

Meanwhile, Chengdu Vision Credit Limited, the Group's joint venture engaging in small loan business in Chengdu city, has been providing an alternative source of income to the Group in addition to the core fund management business. Outstanding loans of the unit increased to about RMB181 million at the end of last year from RMB7 million in 2012, of which a majority is secured lending.

Mr. Timothy TSE, CEO of Value Partners, said, "I'm pleased that we achieved a set of robust results underpinned by our solid track record over the past two decades. Looking forward, we seek to achieve new heights by deepening our intermediary penetration across Hong Kong, China and Taiwan, strengthening our reach to institutional investors, as well as capturing cross-border opportunities. In a new initiative, we will establish a Singapore office to cement our position as a leading player in the Asia Pacific region."

Overall, the Group maintained sound financial health. Fixed costs of the Group's fund management business continued to be 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\$692 million, and had no borrowings.

For 2013, the Board of Directors of the Group recommended a final dividend of HK10.7 cents per share. (2012: final dividend of HK6.3 cents; special dividend of HK9.7 cents).

1..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. 2. As of 31 December 2013. 3. The 2014 Morningstar Awards was based on data of eligible funds in their respective Morningstar category up to 31 December 2013. 4. 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 assets under management of US\$10.5 billion as of 31 December 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.

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