

【 For Immediate Release 】

Value Partners Announces 2014 Final Results

Financial highlights

(In HK\$ million)	For the year ended 31 December		
	2014	2013	% Change
Total revenue	1,599.4	1,027.6	+55.6%
Gross management fees	748.0	603.9	+23.9%
Gross performance fees	659.2	317.0	+107.9%
Operating profit (before other gains/losses)	749.6	468.2	+60.1%
Profit attributable to equity holders of the Company	804.2	384.3	+109.3%
Basic earnings per share (HK cents)	45.4	21.9	+107.3%
Diluted earnings per share (HK cents)	45.3	21.8	+107.8%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	16.0	10.7	+49.5%
Special dividend per share (HK cents)	6.0	Nil	
Total dividends per share (HK cents)	22.0	10.7	+105.6%

(Hong Kong, 12 March 2015) — Value Partners Group Limited (together with its subsidiaries, “Value Partners” or “the Group”, Stock Code: 806) today announced its final results for the year ended 31 December 2014.

Value Partners performed strongly in 2014 with notifiable achievements across businesses. The Group ended last year on a high note with net sales and assets under management (“AUM”) reaching an all-time high, net profit doubling from a year ago and overseas footprints continuing expanding in the region.

AUM of the Group rose to US\$12.9 billion as of the end of 2014 from US\$10.5 billion a year earlier, underpinned by increasing fund inflows since July 2014. Entering 2015, the Group’s AUM continued to grow and reached US\$13.3 billion as of the end of January.

Profit attributable to equity holders surged 109% to HK\$804 million, mainly driven by sizable increase in the Group’s management fees and performance fees, as well as significant growth in net fair value gains of treasury operations. Basic earnings per share increased to HK45.4 cents from HK21.9 cents. Reflecting the Group’s robust results, a final dividend of HK16.0 cents per share and a special dividend of HK6.0 cents per share were recommended.

In terms of fee income, gross management fees increased 24% to HK\$748 million with annualized net management fee margin stood at 61 basis points. Meanwhile, gross performance fees surged 108% to HK\$659 million as most of the Group’s products surpassed their high watermarks as of the end of 2014. In particular, Value Partners Classic Fund and Value Partners High-Dividend Stocks Fund, the Group’s two largest own branded funds, exceeded their respective high watermarks by 16% and 11%.

The Group continued to exercise stringent cost management during the year. Fixed costs of its fund management business remained well covered by net management fees at a coverage ratio of 2.6 times. As a result of enhanced fee income and effective cost control, operating profit before other gains or losses rose 60% to HK\$750 million.

Meanwhile, net fair value gains of the Group’s treasury operations, which include the Group’s seed capital investments and investments in its own funds, increased to HK\$110 million in 2014 from a net fair value loss of HK\$42 million a year earlier on the back of outstanding fund performance and increased investments in an upward trend.

Expanding across businesses

As one of Asia's largest asset management companies that seeks to offer world class investment services and products, Value Partners advanced its business on all fronts in 2014.

1. An established platform and diversified products

Net sales of the Group rose 39% to a new record of US\$1.9 billion in 2014 as excellent fund performance and enlarged distribution network across the region brought about increasing inflows. Leveraging the resurgence in investment sentiment for China A shares and the established brand of Value Partners, fund products of the Group continued to report exemplary performance. In particular, the Group boosted A-share allocation of existing funds in view of the potentially strong A-share performance. In addition, the Group's best-selling funds were included as focus funds in prominent retail and private banks.

Looking forward, the Group will continue to deepen its collaboration with first-tier and second-tier retail banks, private banks, insurance companies and independent financial advisory firms in the region. It will also look into opportunities from sovereign wealth funds and pension funds, as well as enhancing direct connections with high-net-worth clients.

2. An established platform and diversified products

In 2014, Value Partners strengthened its equity and fixed income competence and ventured into global product space. It launched in March Value Partners New China Policy Fund¹ to capture investment opportunities arising from China's policy reform. In September, the Group's first global product – Value Partners Global Contrarian Fund¹ – was introduced. The Fund invests primarily in undervalued companies that are out of favor while shorting fundamentally weak companies that are overhyped. In October, the Group's first Renminbi Qualified Foreign Institutional Investor ("RQFII") product, Value Partners China A-Share Select Fund, was also rolled out.

In the near term, the Group will launch its first RQFII exchange-traded fund ("ETF") – Value China A-Share ETF – which aims to offer potentially excess return through proprietary value stock screening. Meanwhile, the Group will also focus on developing fixed income solutions, regional offerings and products for new strategic markets.

3. A China story and overwhelming prospects

The Group continued to expand in strategic markets for growth beyond its home market in 2014. In China, the Group obtained new advisory mandates from mainland financial institutions and captured inbound and outbound capital flows, bolstering the Group's fund management business in China to account for 13% of sales, increasing meaningfully from 4% a year earlier.

Currently, Value Partners had a combined RMB1.3 billion of RQFII quota and US\$200 million of QFII quota, strengthening the Group's ability to capture capital that seeks to invest in China. On the outbound front, the Group partnered with the private banking unit of Bank of China Ltd. in launching a Qualified Domestic Institutional Investor ("QDII") feeder fund that invests solely in the Group's High-Dividend Stocks Fund, which is designed to capture strong dividend plays across Asia Pacific. On the mainland, the Group won advisory mandates from the asset management and private banking departments of Industrial & Commercial Bank of China Ltd. to manage their onshore asset pools.

Looking forward, Value Partners will primarily focus on developing mandates with mainland institutional investors and continue to apply for respective QDII, QFII and RQFII quotas, as well as Qualified Domestic Limited Partner ("QDLP") qualifications.

4. A new market and strategic expansion

In the second half of 2014, the Group established its wholly owned Singapore arm, Value Partners Asset Management Singapore Pte Ltd., which will initially focus on serving institutional and private bank clients in Singapore and nearby Southeast Asian markets.

In 2015, the Group will continue to tap into new strategic markets to better serve clients on the other side of the globe and explore new business prospects.

5. A growing business with ample potentials

Chengdu Vision Credit Limited (“Vision Credit”), the small loan unit of the Group, contributed HK\$16.6 million of profit to the Group last year, increasing from HK\$2.3 million a year earlier. Outstanding loan balance of Vision Credit expanded to RMB250 million from RMB181 million. Vision Credit will continue to penetrate in the small loan market in Sichuan province.

6. Leading the way in Asia

Value Partners’ fund management capabilities and investment performance were highly recognized during the year with a new harvest of 14 corporate and fund awards, including the Enterprise Award of DHL/South China Morning Post Hong Kong Business Award. This is the second time Value Partners won this title, the first being in 2005, each time from a different panel of judges. Today, the Group has won almost 100 prizes since its inception in 1993.

Mr. Timothy TSE, Chief Executive Officer of Value Partners, said: “I’m pleased that we have achieved a set of robust results reflecting our business advancement on all fronts. Our expansion in distribution network, product platform and business footprints led the Group higher with a number of new records. Looking forward, we will continue to do what we do best, further enhancing our expansion in the global asset management market.”

1. *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 that seeks to offer world class investment services and products. Assets under management of the firm increased to US\$13.3 billion as of 31 January 2015. Since its establishment in 1993, the firm has been a dedicated value investor in Asia and the world. In November 2007, Value Partners Group became the first asset management firm 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, Beijing, Taiwan, Singapore and Chengdu. Value Partners manages absolute return long-biased funds, long-short hedge funds, fixed income products, exchange-traded funds, as well as quantitative products for institutional and individual clients in Asia Pacific, Europe and the United States. For more information, please visit www.valuepartners.com.hk.

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