



Noah Holdings Limited Announces Financial Results for the First Quarter of 2011

April 28, 2011

SHANGHAI, Apr 28, 2011 (BUSINESS WIRE) --

Noah Holdings Limited ("Noah" or the "Company") (NYSE: NOAH), the leading independent service provider focusing on distributing wealth management products to the high net worth population in China, today announced its unaudited financial results for the first quarter 2011.

FIRST QUARTER 2011 FINANCIAL HIGHLIGHTS

- **Net revenues** in the first quarter of 2011 were US\$15.1 million, a 158.2% increase from the corresponding period in 2010.
- **Income from operations** in the first quarter of 2011 was US\$6.6 million, a 128.2% increase from the corresponding period in 2010.
- **Net income attributable to Noah shareholders** in the first quarter of 2011 was US\$5.8 million, a 158.3% increase from the corresponding period in 2010. **Non-GAAP¹ net income attributable to Noah shareholders** in the first quarter of 2011 was US\$6.1 million, a 162.1% increase from the corresponding period in 2010.
- **Net income per basic and diluted ADS** in the first quarter of 2011 were both US\$0.10. **Non-GAAP net income per diluted ADS** in the first quarter of 2011 was US\$0.11.

FIRST QUARTER 2011 OPERATIONAL HIGHLIGHTS

- As of March 31, 2011, the Company's **total number of registered clients** increased by 76.4% year-over-year to 18,521; this figure includes 17,971 registered individual clients, 499 registered enterprise clients and 51 wholesale clients that have entered into cooperation agreements with the Company.
- The Company had 659 **active clients²** during the first quarter of 2011, a 30.2% increase from the corresponding period in 2010.
- **The aggregate value of wealth management products distributed by the Company** during the first quarter of 2011 was RMB5.0 billion (approximately US\$764.8 million)³, a 257.0% increase from the corresponding period in 2010. Of this aggregate value, fixed income products accounted for 33.7%, private equity fund products accounted for 50.1%, and securities investment funds and investment-linked insurance products accounted for 16.2%. The increase in securities investment funds and investment-linked insurance products was primarily due to a new securities investment fund launched in the quarter.
- **The average transaction value per client⁴** in the first quarter of 2011 was RMB7.6 million (approximately US\$1.2 million), a 173.8% increase from the corresponding period in 2010.
- As of March 31, 2011, Noah's **coverage network** included 39 branches, up from 20 branches as of March 31, 2010. **The number of relationship managers** increased to 364 as of March 31, 2011, up 64.0% year-over-year.

Ms. Jingbo Wang, Co-founder, Chairwoman of the board of directors and Chief Executive Officer, commented, "We had a strong start in 2011; our innovative, high-quality and diversified product mix resonated well with our client base. We remain focused on our initiatives to expand our client base and build our market share among the high net worth population in China."

Mr. Tom Wu, Chief Financial Officer, said, "Consistent with our strategy to deliver profitable and sustainable growth, we delivered strong top line and bottom line results in the first quarter. We remain confident that the encouraging industry fundamentals that have powered our growth thus far will continue throughout 2011."

EXTENSION OF IPO LOCK-UP ARRANGEMENTS

Pursuant to the lock-up arrangement between the Company and the underwriters of the Company's initial public offering ("IPO") in November 2010 and the terms of the lockup agreements signed by each of the Company's directors, executive officers, and pre-IPO shareholders, the lockup period will be extended through May 16, 2011 (Beijing Time) due to the timing of the release of the Company's 2011 first quarter financial results.

FIRST QUARTER 2011 FINANCIAL RESULTS

Net Revenues

Net revenues for the first quarter of 2011 were US\$15.1 million, a 158.2% increase from the corresponding period in 2010. The year-over-year increase was attributable to an increase of US\$6.5 million in one-time commissions and an increase of US\$2.7 million in recurring service fees.

Net revenues from one-time commissions for the first quarter of 2011 were US\$11.3 million, a 136.5% increase from the corresponding period in 2010. The year-over-year increase was primarily driven by increases in both the number of active clients and the average transaction value per client.

Net revenues from recurring service fees for the first quarter of 2011 were US\$3.8 million, a 253.0% increase from the corresponding period in 2010. The year-over-year increase was mainly due to an increase in the transaction value of private equity fund products distributed.

Operating Margin

Operating margin for the first quarter of 2011 was 43.6%, as compared to 49.4% for the corresponding period in 2010. Operating margin decreased year-over-year because the Company's operating cost increase outpaced its revenues increase, which was in turn primarily due to the Company's network expansion.

Operating cost and expenses for the first quarter of 2011, including cost of revenues, selling expenses, G&A expenses and other operating income, were US\$8.5 million, a 187.4% increase from the corresponding period in 2010.

Cost of revenues for the first quarter of 2011 totaled US\$2.6 million, a 218.5% increase from the corresponding period in 2010. The year-over-year increase was primarily due to an increase in compensation expenses paid to relationship managers primarily as a result of the expansion of the Company's relationship managers.

Selling expenses for the first quarter of 2011 were US\$3.4 million, a 267.2% increase from the corresponding period in 2010. The year-over-year increase was primarily due to increases in personnel expenses, client service expenses and rental expenses as a result of the Company's network expansion. Selling expenses as a percentage of net revenues for the quarter were 22.6%, as compared to 15.9% for the corresponding period in 2010.

G&A expenses for the first quarter of 2011 were US\$2.5 million, a 103.6% increase from the corresponding period in 2010. The year-over-year increase was primarily due to increases in employee compensation expenses attributable to G&A expenses and rental expenses as a result of the expansion of the Company, and to a lesser extent, attributable to an increase in audit fees. G&A expenses as a percentage of net revenues for the quarter were 16.6%, as compared to 21.1% for the corresponding period in 2010.

Gain (Loss) on Change in Fair Value of Derivative Liabilities

In the first quarter of 2011, the Company did not record any charge on change in fair value of derivative liabilities as it did for the corresponding period in 2010. The series A preferred shares that had triggered the accounting treatment of derivative liabilities were converted into ordinary share upon the Company's initial public offering, so there would be no such charge after the Company's initial public offering. In the first quarter of 2010, a gain of US\$0.1 million was recorded.

Income Tax Expenses

Income tax expenses for the first quarter of 2011 were US\$2.1 million, a 134.8% increase from the corresponding period in 2010. The year-over-year increase was primarily due to an increase in taxable income.

Net Income

Net income attributable to Noah shareholders for the first quarter of 2011 was US\$5.8 million, a 158.3% increase from the corresponding period in 2010. **Net margin** for the first quarter of 2011 was 38.0%, in line with the corresponding period in 2010. **Income per basic and diluted ADS** for the first quarter of 2011 were both US\$0.10.

Non-GAAP net income attributable to Noah shareholders for the first quarter of 2011 was US\$6.1 million, a 162.1% increase from the corresponding period in 2010. **Non-GAAP net margin** for the first quarter of 2011 was 40.6%, as compared to 40.0% for the corresponding period in 2010. **Non-GAAP income per diluted ADS** for the first quarter of 2011 was US\$0.11.

Balance Sheet and Cash Flow

As of March 31, 2011, the total balance of cash and cash equivalents, fixed-term deposits⁵ and short-term investments in held-to-maturity securities (collectively, "cash") was US\$135.2 million, a decrease of US\$0.3 million from December 31, 2010. In the first quarter of 2011, the Company (i) used US\$0.1 million in its operating activities, primarily due to increases in accounts receivable as the Company completed several projects and recorded the corresponding receivables later in the quarter because of Chinese New Year, which were mostly collected in April 2011, (ii) invested US\$2.7 million in fixed income products and (iii) used US\$0.5 million to acquire property and equipment.

2011 FORECAST

The Company estimates that non-GAAP net income attributable to Noah shareholders for the year 2011 is expected to be in the range of US\$21.0 million and US\$25.0 million, representing a year-over-year increase in the range of 56.7% and 86.6%. This estimate reflects management's current business outlook and is subject to change.

CONFERENCE CALL

Senior management will host a conference call on April 28, 2011 at 8:00 PM (Eastern) / 5:00 PM (Pacific) / 8:00 AM (Hong Kong on Friday, April 29) to discuss its first quarter 2011 financial results and recent business activity. The conference call may be accessed by calling the following numbers:

	Toll Free	Toll
- United States	1-866-700-6293	1-617-213-8835
- China	10-800-130-0399	
	China Telecom	
- South China	10-800-120-2655/ 10-800-152-1490	

China Netcom
- North China 10-800-852-1490/
10-800-712-2655
- Hong Kong 800 96 3844
- United Kingdom 080-8234-7616

Participant Passcode "NOAH"

A telephone replay will be available the morning following the call until May 6, 2011 at (US Toll Free) +1-888-286-8010 or (International) +1-617-801-6888. Passcode: 91771526.

A live webcast of the conference call and replay will be available in the investor relations section of the Company's website at: <http://ir.noahwm.com>.

DISCUSSION OF NON-GAAP FINANCIAL MEASURES:

In addition to disclosing financial results prepared in accordance with U.S. GAAP, the Company's earnings release contains non-GAAP financial measures that exclude the effects of all forms of share-based compensation and loss or gain on change in fair value of derivative liabilities. The non-GAAP financial measures used by management and disclosed by the Company exclude the income statement effects of all forms of share-based compensation and loss or gain on change in fair value of derivative liabilities. The reconciliation of these non-GAAP financial measures to the nearest GAAP measures is set forth in the table captioned "Reconciliation of GAAP to Non-GAAP Results" below.

The non-GAAP financial measures disclosed by the Company should not be considered a substitute for financial measures prepared in accordance with U.S. GAAP. The financial results reported in accordance with U.S. GAAP and reconciliation of GAAP to non-GAAP results should be carefully evaluated. The non-GAAP financial measure used by the Company may be prepared differently from and, therefore, may not be comparable to similarly titled measures used by other companies.

When evaluating the Company's operating performance in the periods presented, management reviewed non-GAAP net income results reflecting adjustments to exclude the impacts of share-based compensation and change in fair value of derivative liabilities to supplement U.S. GAAP financial data. As such, the Company believes that the presentation of the non-GAAP net income (loss), non-GAAP income (loss) per diluted ADS and non-GAAP net margin provides important supplemental information to investors regarding financial and business trends relating to the Company's financial condition and results of operations in a manner consistent with that used by management. Pursuant to U.S. GAAP, the Company recognized significant amounts of expenses for the restricted shares and of loss (gain) on change in fair value of derivative liabilities in the periods presented. As the series A preferred shares that had triggered the accounting treatment of derivative liabilities were converted into ordinary share upon the Company's initial public offering in November 2010, the Company does not expect to incur similar expenses in the future. To make financial results comparable period by period, the Company utilized the non-GAAP financial results to better understand its historical business operations.

ABOUT NOAH HOLDINGS LIMITED

Noah Holdings Limited is the leading service provider focusing on distributing wealth management products to the high net worth population in China. Noah distributes over-the-counter wealth management products that are originated in China, including primarily fixed income products, private equity funds and securities investment funds. With 364 relationship managers in 39 branch offices, Noah's total coverage network encompasses China's most economically developed regions where the high net worth population is concentrated. Through this extensive coverage network, product sophistication, and client knowledge, the Company caters to the wealth management needs of China's high net worth population. For more information please visit the Company's website at <http://www.noahwm.com>.

SAFE HARBOR STATEMENT

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Among other things, the outlook for the year 2011 and quotations from management in this announcement, as well as Noah's strategic and operational plans, contain forward-looking statements. Noah may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Noah's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: our goals and strategies; our future business development, financial condition and results of operations; the expected growth of the wealth management market in China and internationally; our expectations regarding demand for and market acceptance of the products we distribute; our expectations regarding keeping and strengthening our relationships with key clients; relevant government policies and regulations relating to our industry; our ability to attract and retain quality employees; our ability to stay abreast of market trends and technological advances; our plans to invest in research and development to enhance our product choices and service offerings; competition in our industry in China and internationally; general economic and business conditions in China; and our ability to effectively protect our intellectual property rights and not infringe on the intellectual property rights of others. Further information regarding these and other risks is included in Noah's filings with the Securities and Exchange Commission, including its registration statement on Form F-1, as amended. Noah does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law. All information provided in this press release and in the attachments is as of the date of this press release, and Noah undertakes no duty to update such information, except as required under applicable law.

¹ Noah's Non-GAAP financial measures are its corresponding GAAP financial measures as adjusted by excluding the effects of all forms of share-based compensation and gain (loss) on change in fair value of derivative liabilities.

- ² "Active clients" refers to those registered clients who purchased wealth management products distributed by Noah during any given period.
- ³ The amount in RMB was translated into U.S. dollars using the average rate for the period as set forth in the H.10 statistical release of the Federal Reserve Board.
- ⁴ "Average transaction value per client" refers to the average value of wealth management products distributed by Noah that are purchased by active clients during a given period.
- ⁵ Fixed-term deposits consist of deposits which are unrestricted as to withdrawal and use, and which have original maturities of over three months and less than twelve months when purchased

-- FINANCIAL AND OPERATIONAL TABLES FOLLOW --

Noah Holdings Limited
Condensed Consolidated Balance Sheets
(In U.S. dollars)
(unaudited)

	As of	
	December 31, 2010	March 31, 2011
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	133,269,694	125,518,608
Restricted cash	75,758	76,356
Fixed-term deposits	-	4,734,053
Short-term investments	2,272,727	4,963,120
Accounts receivable, net of allowance for doubtful accounts of nil at December 31, 2010 and March 31, 2011	1,098,327	10,160,640
Other current assets	2,178,369	1,866,738
Deferred tax assets	1,262,092	1,271,451
Amounts due from related parties	1,017,434	180,760
Total current assets	141,174,401	148,771,726
Long-term investments	4,445,455	4,497,350
Investment in affiliates	859,982	1,022,723
Property and equipment, net	1,406,247	1,883,090
Other non-current assets	480,564	833,465
Non-current deferred tax assets	319,197	300,208
Total Assets	148,685,846	157,308,562
Liabilities and Equity		
Current liabilities:		
Accrued payroll and welfare expenses	4,621,787	3,432,329
Income tax payable	6,277,598	7,772,233
Other current liabilities	3,799,946	5,503,075
Deferred tax liabilities	32,295	32,549
Total current liabilities	14,731,626	16,740,186
Uncertain tax position liabilities	1,364,122	1,415,767
Other non-current liabilities	961,277	899,481
Total Liabilities	17,057,025	19,055,434
Equity	131,628,821	138,253,128
Total Liabilities and Equity	148,685,846	157,308,562

Noah Holdings Limited
Condensed Consolidated Income Statements
(In U.S. dollars, except for share data and percentages)
(unaudited)

	Three months ended		
	March 31, 2010	March 31, 2011	Change
Revenues:	\$	\$	
Third-party revenues	5,688,242	14,047,759	147.0%
Related party revenues	539,117	1,997,650	270.5%
Total revenues	6,227,359	16,045,409	157.7%

Less: business taxes and related surcharges	(360,691)	(897,115)	148.7%
Net revenues	5,866,668	15,148,294	158.2%
Operating cost and expenses:			
Cost of revenues	(819,409)	(2,610,173)	218.5%
Selling expenses	(931,819)	(3,421,605)	267.2%
General and administrative expenses	(1,237,919)	(2,520,014)	103.6%
Other operating income	18,577	13,132	(29.3%)
Total operating cost and expenses	(2,970,570)	(8,538,660)	187.4%
Income from operations	2,896,098	6,609,634	128.2%
Other income(expenses):			
Interest income	18,080	410,105	2168.3%
Investment income	107,198	225,780	110.6%
Other income(expense)	(24,330)	597,071	2554.1%
Gain on change in fair value of derivative liabilities	118,000	-	(100.0%)
Total other income (expenses)	218,948	1,232,956	463.1%
Income before taxes and loss from equity in affiliates	3,115,046	7,842,590	151.8%
Income tax expense	(883,765)	(2,075,150)	134.8%
Loss from equity in affiliates	-	(4,375)	-
Net income attributable to Noah Shareholders	2,231,281	5,763,065	158.3%
Deemed dividend on Series A convertible redeemable preferred shares	(53,875)	-	(100.0%)
Net income attributable to ordinary shareholders	2,177,406	5,763,065	164.7%
Income per ADS, basic	0.06	0.10	66.7%
Income per ADS, diluted	0.04	0.10	150.0%
Margin analysis:			
Operating margin	49.4%	43.6%	
Net margin	38.0%	38.0%	
Weighted average ADS equivalent: [1]			
Basic	25,605,000	55,676,667	
Diluted	34,033,562	57,126,675	
ADS equivalent outstanding at end of period	24,750,000	55,735,000	

[1] Assumes all outstanding ordinary shares are represented by ADSs. Each ordinary share represents two ADSs

Noah Holdings Limited
Supplemental Information
(unaudited)

	As of		Change
	March 31, 2010	March 31, 2011	
Number of registered clients	10,497	18,521	76.4%
Number of relationship managers	222	364	64.0%
Number of branch offices	20	39	95.0%
	Three months ended		Change
	March 31, 2010	March 31, 2011	
	(in millions of RMB, except percentages)		
Active clients	506	659	30.2%
Transaction value:			
Fixed income products	1,354	1,695	25.2%
Private equity fund products	39	2,523	6369.2%
Securities investment funds and investment-linked insurance products	17	815	4694.1%
Total transaction value	1,410	5,033	257.0%
Average transaction value per client	2.79	7.64	173.8%

Noah Holdings Limited
Reconciliation of GAAP to Non-GAAP Results
(In U.S. dollars, except for share data and percentages)
(unaudited)

Three months ended

	March 31, 2010	March 31, 2011
	\$	\$
Net income attributable to Noah Shareholders	2,231,281	5,763,065
Adjustment for share-based compensation related to:		
Share options	38,812	384,061
Restricted shares	193,068	-
Adjustment for loss(gain) on change in fair value of derivative liabilities	(118,000)	-
Adjusted net income attributable to Noah Shareholders (non-GAAP)*	2,345,161	6,147,126
Net income per ADS, diluted	0.04	0.10
Adjustment for share-based compensation	0.01	0.01
Adjustment for loss(gain) on change in fair value of derivative liabilities	-	-
Adjusted net income per ADS, diluted (non-GAAP)*	0.05	0.11
Net margin	38.0%	38.0%
Adjusted net margin (non-GAAP)*	40.0%	40.6%

*The non-GAAP adjustments do not take into consideration the impact of taxes on such adjustments.

SOURCE: Noah Holdings Limited

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