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惠理集團
Value Partners Group

VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

The key financial highlights for the reporting period are as follows:

(In HK\$ million)	2015	2014	% Change
Total revenue	1,768.3	1,599.4	+10.6%
Gross management fees	1,144.7	748.0	+53.0%
Gross performance fees	309.0	659.2	-53.1%
Operating profit (before other gains/losses)	514.0	749.6	-31.4%
Profit attributable to owners of the Company	273.6	804.2	-66.0%
Basic earnings per share (HK cents)	14.8	45.4	-67.4%
Diluted earnings per share (HK cents)	14.8	45.3	-67.3%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	10.0	16.0	-37.5%
Special dividend per share (HK cents)	6.0	6.0	–
Total dividends per share (HK cents)	16.0	22.0	-27.3%

FINAL RESULTS

The Board of Directors (the “Board”) of Value Partners Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Income			
Fee income and other revenue	2	1,768,257	1,599,445
Distribution and advisory fee expenses		(693,455)	(370,439)
Net fee income		1,074,802	1,229,006
Other income		35,048	30,047
Total net income		1,109,850	1,259,053
Expenses			
Compensation and benefit expenses	3	(444,847)	(402,514)
Operating lease rentals		(26,919)	(21,370)
Other expenses	4	(124,058)	(85,568)
Total expenses		(595,824)	(509,452)
Operating profit (before other gains/losses)		514,026	749,601
Net (losses)/gains on investments		(29,546)	148,490
Net (losses)/gains on investments held-for-sale		(1,687)	57,681
Impairment loss on investment in an associate		(42,754)	(10,100)
Impairment loss on goodwill and license		(24,771)	(26,300)
Others		(35,002)	(9,350)
Other (losses)/gains – net	5	(133,760)	160,421
Operating profit (after other gains/losses)		380,266	910,022
Share of (loss)/gain of an associate		(5,132)	20,626
Profit before tax		375,134	930,648
Tax expense	6	(104,346)	(129,247)
Profit for the year		270,788	801,401
Other comprehensive loss for the year			
– Items that may be subsequently reclassified to profit or loss			
Fair value (losses)/gains on available-for-sale financial assets		(3,922)	4,396
Foreign exchange translation		(27,553)	(12,260)
Other comprehensive loss for the year	7	(31,475)	(7,864)
Total comprehensive income for the year		239,313	793,537
Profit attributable to			
Owners of the Company		273,586	804,179
Non-controlling interests		(2,798)	(2,778)
		270,788	801,401
Total comprehensive income for the year attributable to			
Owners of the Company		244,752	798,510
Non-controlling interests		(5,439)	(4,973)
		239,313	793,537
Earnings per share for profit attributable to owners of the Company (HK cents per share)			
– basic	8	14.8	45.4
– diluted	8	14.8	45.3

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment		16,461	13,753
Intangible assets		13,878	32,406
Investment in an associate		–	102,651
Deferred tax assets		10,153	3,797
Investments	10	1,061,122	889,616
Other assets		8,583	8,703
Loan portfolio, net		104,275	141,031
		1,214,472	1,191,957
Current assets			
Investments	10	154,832	178,931
Investments held-for-sale	11	209,394	29,528
Fees receivable	12	206,042	693,600
Loan portfolio, net		146,036	171,093
Amounts receivable on sale of investments		7,227	254,935
Prepayments and other receivables		28,919	41,423
Time deposits		70,073	250,169
Cash and cash equivalents	13	2,228,784	1,551,001
		3,051,307	3,170,680
Current liabilities			
Accrued bonus		142,111	235,506
Distribution fee expenses payable	14	116,963	77,016
Other payables and accrued expenses		30,816	36,107
Short-term loan		59,800	62,420
Current tax liabilities		54,882	64,822
		404,572	475,871
Net current assets		2,646,735	2,694,809
Non-current liabilities			
Accrued bonus		746	561
Net assets		3,860,461	3,886,205
Equity			
Equity attributable to owners of the Company			
Issued equity	15	1,377,533	1,336,979
Other reserves		263,083	191,186
Retained earnings		2,149,583	2,281,423
		3,790,199	3,809,588
Non-controlling interests		70,262	76,617
Total equity		3,860,461	3,886,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

2. REVENUE

Revenue consists of fees from investment management activities, fund distribution activities, as well as interest and fee income from loan portfolio.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Management fees	1,144,691	748,040
Performance fees	308,967	659,240
Front-end fees	<u>251,802</u>	<u>132,126</u>
Total fee income	1,705,460	1,539,406
Interest income from loan portfolio	61,253	55,466
Fee income from loan portfolio	<u>1,544</u>	<u>4,573</u>
Total revenue	<u>1,768,257</u>	<u>1,599,445</u>

3. COMPENSATION AND BENEFIT EXPENSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries, wages and other benefits	196,164	160,092
Management bonus	141,687	235,816
Share-based compensation	101,572	4,044
Pension costs	<u>5,424</u>	<u>2,562</u>
Total compensation and benefit expenses	<u>444,847</u>	<u>402,514</u>

4. OTHER EXPENSES

	2015 HK\$'000	2014 HK\$'000
Charge of loan impairment allowances	24,281	8,346
Marketing expenses	18,075	15,286
Research expenses	12,311	11,590
Depreciation and amortization	10,878	6,431
Travelling expenses	8,880	7,247
Office expenses	7,003	6,144
Legal and professional fees	5,753	3,057
Recruitment expenses	4,633	3,213
Auditor's remuneration	4,261	3,849
Insurance expenses	4,252	3,764
Entertainment expenses	3,342	3,295
Registration and licensing fees	1,962	1,438
Donations	1,886	1,830
Transaction costs	1,763	2,393
Others	14,778	7,685
Total other expenses	124,058	85,568

5. OTHER (LOSSES)/GAINS – NET

	2015 HK\$'000	2014 HK\$'000
Net (losses)/gains on investments		
Gains on financial assets at fair value through profit or loss	89,046	162,845
Losses on financial assets at fair value through profit or loss	(119,012)	(16,223)
Gains on disposal of available-for-sale financial assets	420	3,734
Losses on disposal of available-for-sale financial assets	–	(1,866)
Net (losses)/gains on investments held-for-sale		
Gains on investments held-for-sale	6,517	57,681
Losses on investments held-for-sale	(8,204)	–
Impairment loss on investment in an associate	(42,754)	(10,100)
Impairment loss on goodwill and license	(24,771)	(26,300)
Others		
Net foreign exchange losses	(35,197)	(9,650)
Gains on disposal of property, plant and equipment	195	300
Total other (losses)/gains – net	(133,760)	160,421

6. TAX EXPENSE

Under current tax laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Group. As a result, no provision for income and capital gains taxes has been made in the consolidated financial statements.

Hong Kong profits tax has been provided on the estimated assessable profit for the year ended 31 December 2015 at the rate of 16.5% (2014: 16.5%).

	2015 HK\$'000	2014 HK\$'000
Current tax		
Hong Kong profits tax	54,280	107,255
Overseas tax	59,898	29,738
Adjustments in respect of prior years	(3,476)	(4,503)
Total current tax	110,702	132,490
Deferred tax		
Origination and reversal of temporary differences	(6,356)	(3,243)
Total tax expense	104,346	129,247

7. OTHER COMPREHENSIVE LOSS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Available-for-sale financial assets		
Fair value (losses)/gains during the year	(3,922)	5,029
Reclassification adjustments for losses included in profit or loss	—	(633)
	<u>(3,922)</u>	<u>4,396</u>
Fair value (losses)/gains on available-for-sale financial assets	(3,922)	4,396
Foreign exchange translation	(27,553)	(12,260)
	<u>(27,553)</u>	<u>(12,260)</u>
Total other comprehensive loss	<u>(31,475)</u>	<u>(7,864)</u>

8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of HK\$273,586,000 (2014: HK\$804,179,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,844,440,000 (2014: 1,770,285,000). The diluted earnings per share is calculated by adjusting the weighted average number of shares in issue during the period of 1,844,440,000 (2014: 1,770,285,000) by 6,506,000 (2014: 5,728,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

9. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Proposed final dividend of HK10.0 cents (2014: HK16.0 cents) per ordinary share	184,871	293,866
Proposed special dividend of HK6.0 cents (2014: HK6.0 cents) per ordinary share	110,923	110,200
	<u>110,923</u>	<u>110,200</u>
Total dividends	<u>295,794</u>	<u>404,066</u>

The directors recommend payment of a final dividend of HK10.0 cents per ordinary share and a special dividend of HK6.0 cents per ordinary share. The estimated total final dividend and total special dividend, based on the number of shares outstanding as at 31 December 2015, are HK\$184,871,000 and HK\$110,923,000 respectively. Such dividends are to be approved by shareholders at the Annual General Meeting of the Company on 18 May 2016 and have not been recognized as a liability at the balance sheet date.

10. INVESTMENTS

Investments include the following:

	Financial assets at fair value through profit or loss		Available-for-sale financial assets		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Listed securities (by place of listing)						
Equity securities – China	154,832	178,931	–	–	154,832	178,931
Investment funds – Hong Kong	146,673	165,251	–	–	146,673	165,251
Market value of listed securities	301,505	344,182	–	–	301,505	344,182
Unlisted securities (by place of incorporation/establishment)						
Equity securities – Singapore	–	–	6,463	8,379	6,463	8,379
Investment funds – Australia	16,056	15,882	–	–	16,056	15,882
Investment funds – Cayman Islands	519,863	547,477	2,658	2,835	522,521	550,312
Investment funds – China	27,727	17,508	–	–	27,727	17,508
Investment funds – Ireland	145,584	105,614	–	–	145,584	105,614
Investment funds – Luxembourg	–	–	74,811	–	74,811	–
Investment funds – Taiwan	1,127	3,201	–	–	1,127	3,201
Investment funds – United States	58,767	294	24,136	23,175	82,903	23,469
Fair value of unlisted securities	769,124	689,976	108,068	34,389	877,192	724,365
Derivative financial instruments						
Equity swap	37,257	–	–	–	37,257	–
Fair value of derivative financial instruments	37,257	–	–	–	37,257	–
Total investments	1,107,886	1,034,158	108,068	34,389	1,215,954	1,068,547
Representing:						
Non-current	953,054	855,227	108,068	34,389	1,061,122	889,616
Current	154,832	178,931	–	–	154,832	178,931
Total investments	1,107,886	1,034,158	108,068	34,389	1,215,954	1,068,547

11. INVESTMENTS HELD-FOR-SALE

In 2015, the Group reclassified its investment in an associate to held-for-sale after it entered into a sale and purchase agreement with a third party to sell its 49% interest of the associate, and the transaction has not yet completed as at 31 December 2015.

The Group also classified some of its interests in investment funds as held-for-sale as the Group intends to market these funds and dilute its holdings as soon as practically possible to a level where its aggregate economic interest does not constitute a control. As at 31 December 2015 and 2014, the major assets of these investment funds were listed equity securities.

	Fair value	
	2015	2014
	HK\$'000	HK\$'000
Investment in an associate	54,765	–
Investment funds – Cayman Islands	131,425	–
Investment funds – Taiwan	23,204	29,528
Total investments held-for-sale	209,394	29,528

12. FEES RECEIVABLE

Fees receivable from investment management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts. However, some of these fees receivable are only due after the relevant valuation period as a result of credit periods granted to certain investment funds and managed accounts which are generally within one month. The ageing analysis of fees receivable that were past due but not impaired is as follows:

	2015 HK\$'000	2014 HK\$'000
Fees receivable that were past due but not impaired		
1 – 30 days	692	754
31 – 60 days	162	72
61 – 90 days	406	198
Over 90 days	16,006	911
	17,266	1,935
Fees receivable that were within credit period	188,776	691,665
Total fees receivable	206,042	693,600

13. CASH AND CASH EQUIVALENTS

	2015 HK\$'000	2014 HK\$'000
Cash at banks and in hand	369,068	178,158
Short-term bank deposits	1,857,296	1,200,717
Deposits with brokers	2,420	172,126
Total cash and cash equivalents	2,228,784	1,551,001

14. DISTRIBUTION FEE EXPENSES PAYABLE

The carrying amounts of distribution fee expenses payable approximate their fair value due to the short-term maturity. The aging analysis of distribution fee expenses payable is as follows:

	2015 HK\$'000	2014 HK\$'000
0 – 30 days	116,866	76,946
31 – 60 days	–	11
61 – 90 days	–	35
Over 90 days	97	24
Total distribution fee expenses payable	116,963	77,016

15. ISSUED EQUITY

	Number of shares	Issued equity HK\$'000
As at 1 January 2014	1,755,202,800	889,213
Shares issued upon exercise of share options	81,462,031	447,766
As at 31 December 2014 and 1 January 2015	1,836,664,831	1,336,979
Shares issued upon exercise of share options	12,050,000	40,554
As at 31 December 2015	1,848,714,831	1,377,533

CHAIRMAN'S STATEMENT

Although 2015 was difficult, we believe Asian fund managers like Value Partners are entering a Golden Age. Our hopes are high because the mainland Chinese public, with the world's biggest pool of savings, are clearly looking to diversify their investments. Value Partners, with a well-established brand and track record, should be among those benefiting from what could be one of the biggest business opportunities ever seen by the asset management industry.

But first, 2015. It was a topsy-turvy year that saw Value Partners issue a negative profit warning, after a Chinese stockmarket crash in the second half following a bull run in the first half. In the end, net profit in 2015 came to HK\$274 million (earnings per share of HK14.8 cents), down 66% from HK\$804 million (earnings per share of HK45.4 cents) the previous year¹. We were hurt by falling performance fee income, a loss in treasury operations (mainly the capital invested in our own funds) and expenses related to an issue of share options to staff (the last issue was in 2012). Note that some of the expenses were non-cash, with no impact on actual cash flow.

Indeed, group operating profit before share option expenses and other gains or losses, which reflects the actual operating business, didn't fall as much. The figure for group operating profit was HK\$616 million, compared with HK\$754 million the previous year, showing our underlying resilience.

In 2015, Value Partners' funds continued to sell remarkably well, again showing the underlying strength of the business. Net sales (total subscriptions minus total redemptions) rose 115% to a record high of US\$4 billion, compared to 2014's net sales of US\$1.9 billion. Assets under management climbed to US\$15.6 billion, up 21% year on year, indicating that Value Partners was making headway even while the industry suffered outflows.

Also, we covered our expenses well. This can be shown by the "fixed-cost coverage ratio," which looks at fixed costs such as rents and salaries, and see how well these expenses are covered by management fees alone (relatively stable income), excluding volatile income sources such as performance fees and treasury investments. In 2015, the ratio increased nicely to 2.8 times from 2.6 times a year ago.

Still, with cash flow remaining strong, we are pleased to propose a dividend of HK10 cents and a special dividend of HK6 cents for the year¹. For comparison, in 2014, Value Partners paid a dividend of HK16 cents and a special dividend of HK6 cents as well.

Prospects

China's capital markets suffer from fundamental defects; indeed, since the first Chinese stocks were listed in 1990, there have been over 25 crashes, defined to mean a drop of 20% or more in the stockmarket. Without a properly functioning capital market, it would be difficult for China to achieve its ambition to become a fairly developed country by the early 2020s. Currently, too much capital is simply wasted because savings are not properly channelled to investment. So the government is busy with reforms (some well-conceived, others not).

Meanwhile, a middle class of 350 million to 400 million people², out of a total population of 1.4 billion, has emerged on the Chinese mainland. Traditionally, middle-class savings were put into bank savings and real estate, but savers are getting impatient to diversify their wealth and enhance returns. Two quick points:

- The Chinese have become richer faster than their financial system has developed to serve their needs;
- China has become an exporter of capital to the world, whereas it used to be an importer.

It is all coming together. A lot of money requiring professional asset management and a surge in capital flows, both domestic and overseas, against a backdrop of government reforms that include deregulation, market opening and enhancing the rule of law and the role of private enterprise.

Of course, setbacks happen from time to time, such as that seen in second-half 2015, but over the medium term, the trend is clear. Golden opportunities are emerging gradually for well-positioned firms, including Value Partners, to offer products and services to the China market, on a rising scale. The accompanying report from our Chief Executive Officer provides details about how we are responding to the China opportunity (and also gives an in-depth discussion of 2015 performance).

Fundamental principles

While reaching for the stars, we must keep our feet firmly planted on the ground. As always, we follow our fundamental principles, which include our commitment to the value-investing discipline; giving the highest priority to the performance of funds, ahead of any other aspect of our business operation; and re-investing a big part of our earnings into continuously improving our platforms and resources to do a better job.

To the many clients, employees and shareholders who have supported and encouraged us over the past 23 years, we shall always be grateful. With pride, we report that in 2015, Value Partners captured over 20 new performance awards, bringing our tally of awards since inception in 1993 to more than 120. The 2015 prizes include the “Longevity Award – Best Asset Management House over the last 20 years,” received from *Asia Asset Management* in their 2015 Best of the Best Awards competition.

Dato’ Cheah Cheng Hye
Chairman and Co-Chief Investment Officer

1. *In 2015, dividend per share (“DPS”) was higher than earnings per share (“EPS”) as DPS was declared based on the Group’s realized profit which excluded net fair value unrealized losses recognized during the year. On the contrary, EPS reflected the impact of net fair value unrealized losses.*
2. *Source: A CLSA report issued on 23 February 2016 and entitled “Keep calm and carry on: Mr & Mrs China still daring to dream”.*

REPORT OF THE CHIEF EXECUTIVE OFFICER

Standing firm in a volatile environment

2015 was unquestionably a year of challenges. Despite the fact that China's stockmarket started off with a strong rally, it made a sharp turn in the middle of the year. Market volatility heightened and prompted investors to de-risk their portfolios by switching to more defensive assets. In our home market Hong Kong, Hong Kong Investment Funds Association's data showed that net sales of retail funds in the industry recorded a 76% year-on-year drop in net sales in 2015 to US\$3 billion¹. Against this backdrop, we are grateful that Value Partners' net sales and year-end assets under management ("AUM") both surged to a record high. This was a result of our deliberate growth strategy, strong brand recognition in the industry and unparalleled investment strengths.

Net sales of the Group soared 115% to an all-time high of US\$4 billion in 2015 from US\$1.9 billion a year earlier. The substantial increase in net sales, particularly in times of a turbulent environment, demonstrated the Group's resilience in capturing inflows and bolstered AUM by 21% to US\$15.6 billion as of the end of the year.

The stockmarket rout in China, however, did take its toll on the overall income for the Group, particularly on performance fees. In the year ended 31 December 2015, profit attributable to owners of the Company stood at HK\$274 million, declining 66% from HK\$804 million a year earlier. The Group's core business, however, remained relatively solid. Operating profit before share option expenses and other gains or losses, reflecting our core earnings, only fell 18% to HK\$616 million from HK\$754 million in 2014. Management fees, our major revenue contributor, increased 53% to HK\$1,145 million on the back of the growth in AUM (2014: HK\$748 million), offsetting the decline in performance fees from HK\$659 million to HK\$309 million.

During the year, the decrease in profit attributable to owners of the Company was mainly attributable to:

- (i) a reduction in performance fee income as returns of most of the relevant funds under management did not surpass their previous high watermarks or benchmarks as at 31 December 2015. However, it is worth to note that a considerable amount of performance fees were already crystallized from some China mandates during the first half of 2015. Such mandates and funds added diversity to the Group's crystallization dates as performance fees for most of our own-branded funds crystallize at the end of each year; and
- (ii) a recognition of HK\$102 million of non-cash accounting expenses relating to stock options granted to employees. However, this expense has no impact on cash flow; and
- (iii) an absence of net fair value gains and realized gains of the Group's seed capital investments and investments in its own funds. The net fair value gains and realized gains for 2014 stood at HK\$206 million, compared to a modest loss of HK\$31 million in 2015.

While we continued to invest for future growth, the Group maintained stringent cost discipline and kept fixed costs of fund management business well covered by net management fees (a relatively stable source of income that excludes other revenue sources such as performance fees). Fixed cost coverage ratio (net management fees divided by fixed costs) increased to 2.8 times from 2.6 times a year ago, demonstrating the operating leverage of the Group's business.

Staying focused on strategic priorities

Progress in the year was achieved in extreme uncertainties, and we remained highly focused on our strategic priorities, in which we continued to invest and upgrade our infrastructure. It is important that we look beyond the short term and build out our business to be well-positioned when the market recovers.

1. Diversifying product suite to weather all market cycles

Value Partners has been well recognized by investors and the industry for investing in the equity market for 23 years since we launched our flagship fund – Value Partners Classic Fund – in 1993. However, market cycles have become shorter and less predictable than ever. It is crucial that Value Partners’ product suite is well diversified, and offers solutions that perform in different market cycles and fit different risk appetites.

In 2012, we successfully launched Value Partners Greater China High Yield Income Fund, the first public fund in Hong Kong that focuses on offshore Greater China high-yield bonds, by leveraging our in-depth knowledge of the Greater China markets and strong fundamental research expertise. This was proven a highly popular product that helped Value Partners attract US\$1.3 billion of net inflows in 2015 despite the difficult market conditions. This fund was not only one of the top three contributors to the Group’s net sales in 2015, but also the second-largest Value Partners-branded fund in our product suite in terms of AUM (US\$2.3 billion²).

In October 2015, we introduced Value Partners Multi-Asset Fund, which aims at helping investors weather all market cycles through tapping investment potentials across asset classes. Encouraging response has been received as investors are looking for a vehicle to help them navigate through a volatile market.

While investor confidence falls everywhere, Value Partners High-Dividend Stocks Fund, our largest own-branded fund, brought in US\$1.5 billion of net inflows during the year. The fund was well accepted by investors as it is a relatively defensive strategy with income distribution feature. During the year, we further introduced this popular strategy to new markets including Malaysia and the United States (“the US”). Separately, we also expanded our product platform under the Undertakings for the Collective Investment in Transferable Securities (“UCITS”) scheme by adding various thematic and equity funds.

On top of developing our mutual fund product suite, we launched a new exchange-traded fund during the year. In March 2015, Value China A-Share ETF, the world’s first³ value-based Renminbi Qualified Foreign Institutional Investor (“RQFII”) A-share exchange-traded fund (“ETF”), was listed in Hong Kong, giving investors a low-cost and convenient channel to get access to a basket of China A shares.

2. Deepening distribution network for regional expansion

In 2015, net sales of the Group more than doubled from a year earlier to a record high of US\$4 billion, mainly driven by inflows gathered through our extensive distribution network which covers retail banks, private banks and insurance companies. During the year, we strengthened our ties with top-tier retail and private banks. We became a preferred partner of one of the world's largest banks and added a number of banks, including a leading Chinese bank, in our distribution network. In addition, we have further deepened our strategic relationship with one of the biggest banks in China.

In the coming year, we will continue to work closely with our distributing partners, understanding the needs of their end clients and introducing more of our funds onto their product platforms. Meanwhile, we are also exploring partnerships with new channels.

3. Tapping China fund flows with multi-prong approach

2015 was a milestone year for our business in China as we made breakthroughs in establishing our own-branded fund business in China and generated meaningful contribution. Net sales from China almost doubled in 2015 from a year earlier. During the year, the Group adopted a multi-prong approach in penetrating China's private fund market (dominated by high-net-worth individuals ("HNWIs")) and the institutional fund market. Meanwhile, we are also planning to enter the public fund market (where retail investors are the majority) through participating in the Mainland-Hong Kong Mutual Recognition of Funds ("MRF") scheme.

Over the years, we have been proactively participating in various pilot schemes introduced by the Chinese government to offer investment solutions to investors on the mainland to invest in China (the market they are familiar) and the overseas market (the unexplored territory to many of the domestic investors). With China's capital market opening up and the internationalization of the Renminbi ("RMB"), there is an increasing demand for overseas investment for diversification and yield enhancement.

On the private fund front, our wholly owned foreign enterprise ("WFOE") in Shanghai won the Qualified Domestic Limited Partner ("QDLP") qualification in 2015, making Value Partners the first Hong Kong-based asset management firm that has won such status. Similar to Qualified Domestic Institutional Investor ("QDII"), QDLP is a pilot scheme needed for mainland investors to invest overseas. With an initial QDLP quota of US\$100 million, we have partnered with a number of banks and wealth management companies in China in rolling out our own-branded cross-border private funds that meet the overseas investment need of HNWIs in China.

With China gradually allowing foreign managers to tap the domestic fund market via WFOEs, we decided to expand our China presence through majority-owned entities. As a result, we agreed to sell our 49% stake in Goldstate Capital Fund Management Co., Ltd. In the first quarter of 2016, the disposal was approved by China Securities Regulatory Commission.

As for entering the public fund market in China, we have participated in MRF which allows Hong Kong-domiciled funds to be sold in China and China-domiciled funds to be sold in Hong Kong. While the MRF scheme only came into effect on 1 July 2015, our flagship Value Partners Classic Fund was among the 16⁴ pioneering northbound MRF funds submitted for China Securities Regulatory Commission's approval. In the meantime, we have been in close discussions with distributors, including banks, securities companies, wealth management companies and online finance companies, to carry the fund on their platform. Once the MRF approval is granted, we will be able to directly tap China's individual investors in the public fund market.

On the institutional front, we continued to strengthen our ties with Industrial and Commercial Bank of China Limited, China's biggest bank, since our partnership began in 2013. During the year, we worked with various units of ICBC on a number of cross-border investment products, including both equity and fixed income funds. Meanwhile, exciting opportunities arose in the Chinese insurance space as Chinese insurers are actively seeking overseas investments for yield enhancement and portfolio diversification. After fulfilling the overseas mandate qualification requirements of China Insurance Regulatory Commission in 2015, Value Partners won a cross-border mandate from one of the listed Chinese insurers. Meanwhile, we are also working closely with a number of mainland insurance companies to meet their overseas investment needs.

4. Reshaping Taiwan business with institutional focus

Since our entrance in the Taiwan market in 2011, we have been constantly reviewing our strategy to deepen our presence locally. Over the past year, we noticed that Taiwanese life insurance companies, which are managing over US\$500 billion of assets, have become more interested in overseas investments for better yields. Taiwan's life insurance and pension markets present vast opportunities that are sparkling on the horizon. In this regard, we have increased our focus on leading Taiwanese life insurance companies and this has bolstered net sales contributed from our Taiwan business in 2015.

Looking forward, we will continue to work closely with Taiwan's leading life insurance companies and further penetrate the institution segment in Taiwan. As opportunities arise, we will also introduce in Taiwan our best-selling strategies that are popular in Hong Kong.

5. Expanding strategically overseas for sustainable growth

Outside of Greater China, we have been growing our footprint in Singapore, Malaysia, the US and Europe strategically by leveraging the investment strategies of our best-selling products and the network of our distribution partners. In 2015, Value Partners Asset Management Singapore Pte Ltd ("VPAMS"), a wholly owned subsidiary of the Group, was granted the license to offer investment products and services to accredited investors and institutional investors in Singapore. In June 2015, VPAMS partnered with Affin Hwang Asset Management Bhd, one of the top five asset managers in Malaysia, in launching Affin Hwang Dividend Value Fund, a feeder fund that invests in Value Partners High-Dividend Stocks Fund. The defensive strategy of the feeder fund was well received in the market, generating decent inflows to the Group and further expanding our product reach in Southeast Asia.

Moving to the other side of the globe, our experienced management team and disciplined investment process has brought us into partnership with Aston Asset Management, LLC (“Aston”), a Chicago-based wholly owned affiliate of Affiliated Managers Group, Inc. (“AMG”) which holds a 7% stake in Value Partners. In December 2015, ASTON/Value Partners Asia Dividend Fund was rolled out in the US, marking our first product launched in the US retail market and strengthening our strategic collaboration with Aston and AMG. Meanwhile, we are also making inroads into Europe where we seek to leverage our partnership in Asia to enter the giant market. To facilitate our penetration, we have been extending our UCITS product range and looking into initiatives to distribute our funds in key European markets.

6. Growing small loan business with prudence

Chengdu Vision Credit Limited (“Vision Credit”) is a unit of the Group focusing on lending to the white collar, small-business entrepreneurs, as well as small and medium-sized enterprises in Chengdu. In 2015, Vision Credit contributed HK\$6.5 million of profit to the Group despite the fact that it was a difficult year for small loan companies in China amid the country’s slowing economy. In view of the headwind in the small loan industry, we have been reconfiguring our business strategy to focus on borrowers with higher credit profile, upholding the quality of our loan portfolio. Meanwhile, we are also exploring online platforms to broaden our reach to quality borrowers.

Looking forward, we will continue to grow our loan book prudently to achieve sustainable growth and profit for our shareholders.

Best Asset Management House over the last 20 years

Value Partners’ fund management capabilities and investment performance were highly recognized during the year with the addition of more than 20 renowned corporate awards and fund awards in 2015, bringing the Group with over 120 prizes today since our establishment in 1993. We are pleased to note that regional recognition given to the Group has increased, underscoring the leading position of the Group in the international arena.

In *Forbes Asia*’s “Best Under a Billion” 2015 ranking, Value Partners was selected as one of the 200 leading listed companies in Asia Pacific with annual revenue between US\$5 million and US\$1 billion⁵, acknowledging the profitability and growth performance of the Group. Meanwhile, we were honored to be named the awardee for the “Longevity Award – Best Asset Management House over the last 20 years⁶ in *Asia Asset Management*’s 2015 Best of the Best Awards, highlighting the longstanding success of Value Partners.

Hang Seng Composite MidCap Index

Effective 14 September 2015, the Group has become a constituent stock of Hang Seng Composite MidCap Index. The addition reflects the increase in market size and trading turnover of Value Partners' shares. Furthermore, as a member of the MidCap Index, Value Partners was included in the list of eligible stocks under the southbound route of Shanghai-Hong Kong Stock Connect, increasing our presence among mainland investors.

Appreciation

I would like to take this opportunity to say thank you to our investors, business partners and shareholders for their support throughout these turbulent times. My heartfelt appreciation also goes to all the people of Value Partners for the commitment and pursuit of performance excellence. We have not wavered throughout this year of challenge. Value Partners has the right strategy for sustainable growth and we enter 2016 with real resilience and momentum.

TSE Wai Ming, Timothy, CFA
Chief Executive Officer
Executive Director

1. *A Hong Kong Investment Funds Association report which covers transactions from Hong Kong Securities and Futures Commission authorised funds conducted through retail banks, independent financial advisory firms, insurance companies and direct engagement with clients with a Hong Kong-registered address. Data as of 31 December 2015. (<http://www.hkifa.org.hk/eng/sales-redemptions-data.aspx>)*
2. *Data as of 31 December 2015.*
3. *Source: Bloomberg, as of 20 March 2015 when the ETF was launched.*
4. *CSRC data as of 26 February 2016. (www.csrc.gov.cn/pub/zjhpublish/G00306208/slqkgs/201509/t20150925_284401.htm)*
5. *Data as of 14 July 2015.*
6. *Based on performance and achievements as of 30 November 2015.*

FINANCIAL REVIEW

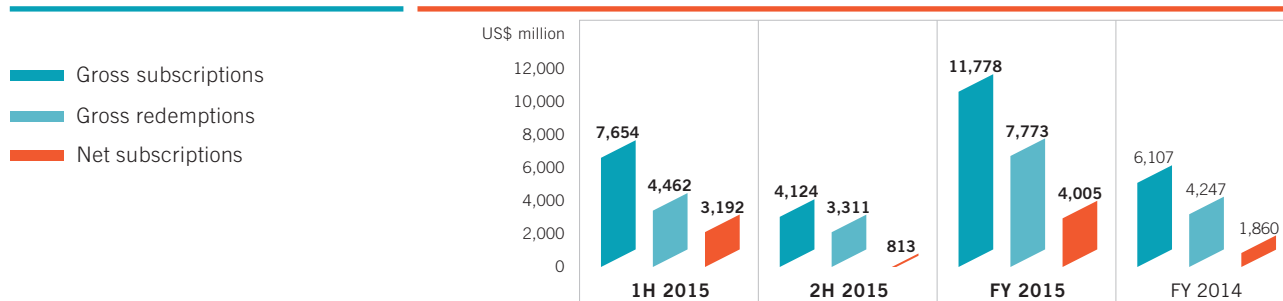
Assets Under Management

AUM and return

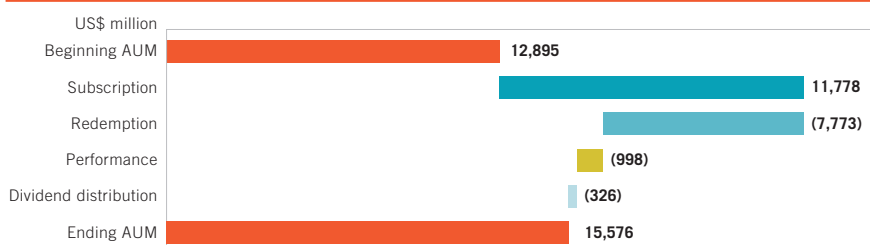
The Group's AUM increased to US\$15,576 million at the end of December 2015 (2014: US\$12,895 million) on the back of strong sales during the year, easing the drag from fund performance caused by weaknesses in China's stockmarkets since the second half of the year. Net subscriptions soared 115% during the year to a record high of US\$4,005 million while a decline in fund performance led to a US\$998 million decrease in AUM.

Overall fund performance, calculated in asset-weighted average return of funds under management, retreated 2.5% in 2015. Among all, Value Partners Classic Fund¹, our flagship product, slid 1.5% during the year, outperforming a 3.9% drop of the Hang Seng Index. Meanwhile, Value Partners High-Dividend Stocks Fund², the Group's largest public fund³ in Hong Kong, dipped 3.7% during the year, compared with a 9.4% drop of the MSCI AC Asia Pacific (ex-Japan) Total Return Index.

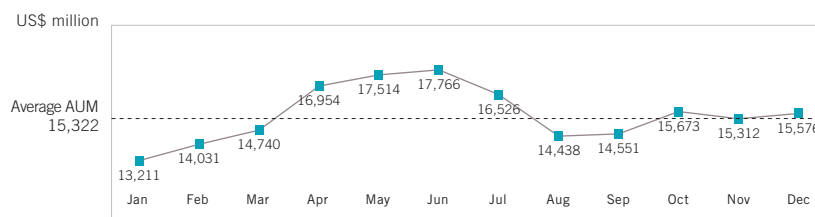
In the second half of 2015, gross subscriptions came down to US\$4,124 million from US\$7,654 million in the first half as investment sentiment turned sour. On a full-year basis, annual subscriptions for 2015 rose to US\$11,778 million from a year earlier (2014: US\$6,107 million). Meanwhile, gross redemptions for the second half of 2015 declined to US\$3,311 million from US\$4,462 million in the first half, bringing the full-year total to US\$7,773 million (2014: US\$4,247 million). All in all, net subscriptions surged to an all-time high of US\$4,005 million in 2015 (2014: US\$1,860 million).



AUM Change in the year 2015⁴



Monthly AUM in the year 2015



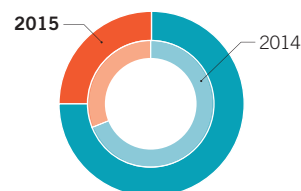
AUM by category

The charts below illustrated the breakdown of the Group's AUM as at 31 December 2015 in two different classifications: by brand and strategy. During the year, contributions from Own Branded Funds (75%) continued to rise because of relatively strong fund inflows to Value Partners' own branded products amid the Group's expansion in distribution network. In terms of strategy, Absolute Return Long-biased Funds continued to represent the majority of the Group's AUM (83%), followed by Fixed Income Funds (15%), in which the largest share was taken up by our Greater China High Yield Income Fund.

Classification by brand

- Own Branded Funds
- White Label & Co-branded Funds

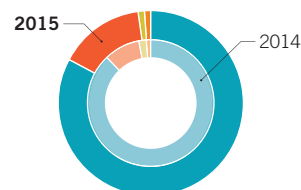
2015	2014
75%	69%
25%	31%



Classification by strategy

- Absolute Return Long-biased Funds
- Fixed Income Funds
- Long-short Hedge Funds
- Quantitative Funds & ETF

2015	2014
83%	88%
15%	9%
1%	2%
1%	1%



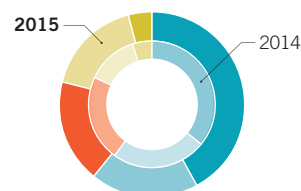
Client base

During the year, institutional clients – including institutions, pension funds, high-net-worth individuals (“HNWIs”), endowments and foundations, funds of funds, together with family offices and trusts – remained the Group's primary set of fund investors, accounting for 58% of total AUM (2014: 64%). Meanwhile, strong growth was seen in AUM from retail clients as a result of our expanding distribution network, particularly in retail banks. Retail contribution increased to 42% of total AUM (2014: 36%). In terms of geographical location, Hong Kong clients accounted for 78% of the Group's AUM (2014: 74%) while United States and Europe took up a combined 11% (2014: 14%).

Client analysis by type

- Retail
- Pension funds
- Institutions
- High-net-worth individuals
- Others

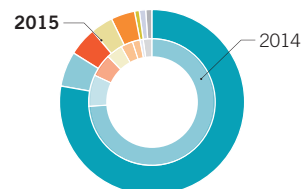
2015	2014
42%	36%
19%	22%
18%	24%
17%	13%
4%	5%



Client analysis by geographical region

- Hong Kong
- United States
- Europe
- China
- Singapore
- Australia
- Taiwan
- Others

2015	2014
78%	74%
6%	8%
5%	6%
4%	3%
4%	4%
1%	2%
1%	1%
1%	2%



Summary of results

Key financial highlights for the reporting period are as follows:

(In HK\$ million)	2015	2014	% Change
Total revenue	1,768.3	1,599.4	+10.6%
Gross management fees	1,144.7	748.0	+53.0%
Gross performance fees	309.0	659.2	-53.1%
Operating profit (before other gains/losses)	514.0	749.6	-31.4%
Profit attributable to owners of the Company	273.6	804.2	-66.0%
Basic earnings per share (HK cents)	14.8	45.4	-67.4%
Diluted earnings per share (HK cents)	14.8	45.3	-67.3%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	10.0	16.0	-37.5%
Special dividend per share (HK cents)	6.0	6.0	-
Total dividends per share (HK cents)	16.0	22.0	-27.3%

Revenue and fee margin

Breakdown of total net income

(In HK\$ million)

Revenue

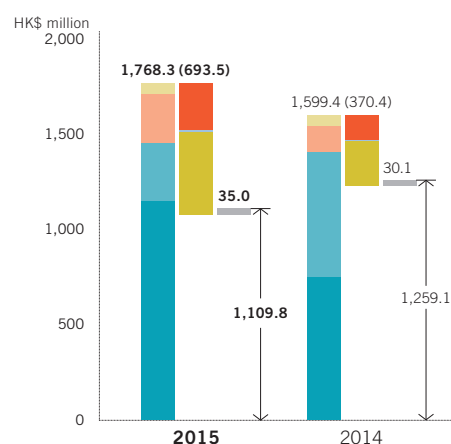
	2015	2014
Management fees	1,144.7	748.0
Performance fees	309.0	659.2
Front-end fees	251.8	132.1
Interest and fee income from loan portfolio	62.8	60.1

Distribution and advisory fee expenses

Management fee rebate	(434.4)	(231.7)
Performance fees rebate	(8.3)	(8.2)
Other revenue rebate	(250.8)	(130.5)

Other income

Other income	35.0	30.1
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The Group's profit attributable to owners stood at HK\$273.6 million in 2015, declining 66.0% from a year earlier (2014: HK\$804.2 million) as market volatility and certain non-cash accounting expenses drag the bottom line. The Group's core business remained solid. The total revenue rose 10.6% to HK\$1,768.3 million (2014: HK\$1,599.4 million). Gross management fees, the major contributor to our revenue, increased 53.0% to HK\$1,144.7 million (2014: HK\$748.0 million) thanks to a 40.0% growth in the Group's average AUM, which rose to US\$15,322 million (2014: US\$10,945 million).

During the year, annualized gross management fee margin increased to 96 basis points (2014: 88 basis points), driven by relatively strong inflows into our Own Branded Funds. As management fee rebates for distribution channels increased to HK\$434.4 million (2014: HK\$231.7 million), annualized net management fee margin was compressed slightly to 60 basis points (2014: 61 basis points).

Gross performance fees, another source of revenue, decreased by HK\$350.2 million to HK\$309.0 million (2014: HK\$659.2 million). Performance fees are generated when funds, at the dates of their performance fee crystallization, report returns exceeding their benchmarks or high watermarks for the respective period ended.

Meanwhile, other revenue mainly included front-end load, of which a substantial amount was rebates to distribution channels (a usual practice in the market). Other revenue also included HK\$62.8 million (2014: HK\$60.1 million) of interest and fee income generated from the loan portfolio of our non-wholly owned subsidiary, which operates small loan business in Chengdu.

Other income, which mainly comprised interest income and dividend income, was HK\$35.0 million (2014: HK\$30.1 million). Interest income increased to HK\$18.6 million (2014: HK\$14.5 million) while dividend income increased to HK\$16.1 million (2014: HK\$14.3 million).

Other gains and losses

Breakdown of other (losses)/gains – net	(In HK\$ million)	2015	2014
Net (losses)/gains on investments		(29.5)	148.5
Net (losses)/gains on investments held-for-sale		(1.7)	57.7
Impairment loss on investment in an associate		(42.8)	(10.1)
Impairment loss on goodwill and license		(24.8)	(26.3)
Others		(35.0)	(9.4)
		(133.8)	160.4

Other gains or losses mainly included fair value changes and realized gains or losses on seed capital investments, investments in own funds and other investments, impairment loss on investment in an associate, goodwill and license impairment on subsidiaries, as well as net foreign exchange gains or losses. Seed capital investments were made by the Group to provide certain amount of capital that was considered necessary to new funds during the initial phase of fund launch. The Group also invested in its own funds side-by-side with investors where appropriate, for better alignment of interests and investment returns.

During the year, the Group entered into a sale and purchase agreement with a third party to sell its 49% interests of Goldstate Capital Fund Management Company Limited (“Goldstate Capital”) for a total consideration of RMB45 million (equivalent to HK\$55 million). The carrying amount of the investment in an associate was written down, and an impairment loss of HK\$42.8 million was recognized. On 15 February 2016, China Securities Regulatory Commission approved the proposed transaction. As at the date of approval of the consolidated financial statements, the completion of the transaction was pending approval by Ministry of Commerce of the People’s Republic of China.

Cost management

Breakdown of total expenses

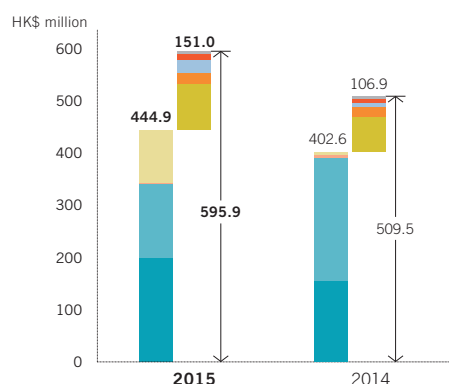
(In HK\$ million)

Compensation and benefit expenses

Fixed salaries and staff benefits	199.3	156.1
Management bonus	141.7	235.8
Staff rebates	2.3	6.6
Share-based compensation expenses	101.6	4.1

Other expenses

Other fixed operating costs	87.7	66.9
Sales and marketing	22.7	19.9
Loan impairment allowances	24.3	8.3
Depreciation	10.9	6.4
Non-recurring expenses	5.4	5.4



In terms of cost management, the Group continued to exercise stringent cost discipline and aimed to keep fixed operating expenses well covered by net management fee income, a relatively stable income source. The Group's efforts in cost control can be measured by "fixed cost coverage ratio", an indicator showing the number of times that fixed operating expenses are covered by net management fee income. For 2015, the Group's fixed cost coverage ratio (for asset management business) rose to 2.8 times (2014: 2.6 times), a reflection of the Group's tenacity in performing in a volatile environment.

Compensation and benefit expenses

Fixed salaries and staff benefits rose by HK\$43.2 million to HK\$199.3 million (2014: HK\$156.1 million). The increase was mainly attributable to salary increments and the addition of headcounts to support the Group's business growth.

In line with the Group's compensation policy – which distributes 20% to 23% of the annual net profit pool as management bonus to employees – management bonus for the year amounted to HK\$141.7 million (2014: HK\$235.8 million). The profit pool is derived by deducting certain adjustments, including cost of capital, from net profit before management bonus and taxation. Discretionary bonus was maintained as they promote staff loyalty and performance while aligning employee interests with shareholders'.

Meanwhile, staff of Value Partners are entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group. Staff rebates for the year decreased to HK\$2.3 million, compared with HK\$6.6 million in 2014.

During the year, the Group recorded expenses of HK\$101.6 million (2014: HK\$4.1 million) relating to stock options granted to employees. This expense item had no impact on cash flow and was recognized in accordance with Hong Kong Financial Reporting Standards.

Other expenses

Other non-staff operating costs, such as rents, legal and professional fees, investment research fees, as well as other administrative and office expenses, amounted to HK\$87.7 million for 2015 (2014: HK\$66.9 million).

Sales and marketing expenses rose to HK\$22.7 million (2014: HK\$19.9 million) as a result of increased efforts on growing brand awareness through advertising and distributor sponsorship.

Dividends

The Group has been adopting a consistent dividend distribution policy that takes into account of the relatively volatile nature of asset management income streams. This policy states that dividends (if any) will be declared annually at the end of each financial year to better align dividend payments with the Group's full-year performance.

For 2015, the Board of Directors recommended a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents per share to shareholders⁵.

Liquidity and financial resources

Fee income is the Group's main source of income while other income sources include interest income generated from bank deposits and dividend income from investments held. During the year, the Group's balance sheet and cash flow positions remained strong with a net cash balance of HK\$2,228.8 million. Net cash inflows from operating activities amounted to HK\$1,158.5 million. Meanwhile, bank deposits of RMB50 million were pledged as collateral for the Group's banking facilities of an equal amount. The Group's debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) was 0.02 times while current ratio (current assets divided by current liabilities) stood at 7.5 times.

Capital structure

As at 31 December 2015, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$3,860.5 million and 1.85 billion, respectively.

1. *Performance of Value Partners Classic Fund (A Units) over past five years: 2011: -17.2%; 2012: +14.0%; 2013: +11.2%; 2014: +13.5%; 2015: -1.5%; 2016 (Year to date as at 29 February 2016): -17.2%.*
2. *Performance of Value Partners High-Dividend Stocks Fund (Class A1) over past five years: 2011: -11.9%; 2012: +25.2%; 2013: +8.1%; 2014: +9.4%; 2015: -3.7%; 2016 (Year to date as at 29 February 2016): -12.0%.*
3. *SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*
4. *Excluding AUM of Goldstate Capital, in which the Group holds an ownership interest of 49%.*
5. *In 2015, dividend per share ("DPS") was higher than earnings per share ("EPS") as DPS was declared based on the Group's realized profit which excluded net fair value unrealized losses recognized during the year. On the contrary, EPS reflected the impact of net fair value unrealized losses.*

Source for performance figures: HSBC Institutional Trust Services (Asia) Limited. Performance figures are calculated in the funds' respective trading and base currencies, NAV to NAV, with dividends reinvested and net of all fees. Past performance is not indicative of future performance.

HUMAN RESOURCES

As at 31 December 2015, the Group employed a total of 196 staff (2014: 150) in Hong Kong and Shanghai, 18 staff (2014: 28) in Taiwan, 82 staff (2014: 79) in Chengdu and 9 staff in Singapore (2014: 7). Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with our emphasis on recognition for performance and human capital retention, we reward our employees with year-end discretionary bonus which is linked to our level of profits for that financial year.

DIVIDENDS

No interim dividend was paid during the year. The Board is pleased to recommend the distribution of a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents per share for the year ended 31 December 2015. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2016, the final and special dividends will be payable on or about 10 June 2016 to shareholders whose names appear on the Registers of Members of the Company at close of business on 26 May 2016. The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company ("AGM") will be held on Wednesday, 18 May 2016. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

1. AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Tuesday, 17 May 2016 to Wednesday, 18 May 2016 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 16 May 2016.

2. Proposed Final and Special Dividends

The proposed final and special dividends are subject to the passing of an ordinary resolution by shareholders at the AGM. The record date for entitlement to the proposed final and special dividends is 26 May 2016. For determining the entitlement to the proposed final and special dividends, the Register of Members of the Company will be closed from Tuesday, 24 May 2016 to Thursday, 26 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final and special dividends mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the abovementioned address not later than 4:00 p.m. on Monday, 23 May 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2015.

AUDIT COMMITTEE

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions in the Corporate Governance Code, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2015.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

The final results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.valuepartners.com.hk>). The annual report will be despatched to shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

OUR APPRECIATION

Finally, we would like to express our gratitude to shareholders, business partners, distributors and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

By order of the board of
Value Partners Group Limited
Dato' CHEAH Cheng Hye

Chairman and Co-Chief Investment Officer

Hong Kong, 10 March 2016

As at the date of this Announcement, our Directors are Dato' Cheah Cheng Hye, Ms. Hung Yeuk Yan Renee, Mr. So Chun Ki Louis and Mr. Tse Wai Ming, Timothy as Executive Director and Dr. Chen Shih Ta Michael, Mr. Lee Siang Chin and Mr. Nobuo Oyama as Independent Non-executive Directors.