



INTERIM REPORT 2015 | 中期報告

**Value Partners Group Limited**  
**惠理集團有限公司**

(incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊之有限責任公司)

# 7 facts about Value Partners

US\$ 17.8 billion<sup>(1)</sup> assets under management

17% annualized return and 3,066% cumulative return since launch in 1993 for Value Partners Classic Fund (A Units)<sup>(2)</sup>

2015 Top Fund Management Company<sup>(3)</sup>

100+ top performing awards and prizes since establishment

2,500 company visits and research meetings every year

50+ investment professionals focusing on Greater China and Asia investments

22 years of history weathered various financial crises regionally and globally

Footnote:

(1) As of 30 June 2015.

(2) As of 30 June 2015. Performance of Value Partners Classic Fund (A Units) over past five years: 2010: +20.2%; 2011: -17.2%; 2012: +14.0%; 2013: +11.2%; 2014: +13.5%; 2015 (Year to date as at 31 July): +5.6%

(3) Refer to the "Fund Management Company of the Year (Hong Kong)" award by *The Asset*, Triple A, Investor and Fund Management Awards 2015.

## Corporate profile

Value Partners Group 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\$17.8 billion as of 30 June 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, Singapore, Taiwan 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.

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## Corporate information

### Board of Directors

#### Chairman and Co-Chief Investment Officer

Dato' CHEAH Cheng Hye

#### Executive Directors

Ms. HUNG Yeuk Yan Renee

*(Deputy Chief Investment Officer)*

Mr. SO Chun Ki Louis

*(Deputy Chairman and Co-Chief Investment Officer)*

Mr. TSE Wai Ming, Timothy CFA

*(Chief Executive Officer)*

#### Independent Non-executive Directors

Dr. CHEN Shih-Ta Michael

Mr. LEE Siang Chin

Mr. Nobuo OYAMA

#### Non-executive Honorary Chairman

Mr. YEH V-Nee

#### Company Secretary

Ms. WONG Ngai Sze, Icy

#### Authorized Representatives

Mr. TSE Wai Ming, Timothy CFA

Ms. WONG Ngai Sze, Icy

#### Members of the Audit Committee

Mr. LEE Siang Chin *(Chairman)*

Dr. CHEN Shih-Ta Michael

Mr. Nobuo OYAMA

#### Members of the Nomination Committee

Dato' CHEAH Cheng Hye *(Chairman)*

Dr. CHEN Shih-Ta Michael

Mr. LEE Siang Chin

Mr. Nobuo OYAMA

Mr. TSE Wai Ming, Timothy CFA

#### Members of the Remuneration Committee

Dr. CHEN Shih-Ta Michael *(Chairman)*

Dato' CHEAH Cheng Hye

Mr. LEE Siang Chin

Mr. Nobuo OYAMA

Mr. TSE Wai Ming, Timothy CFA

#### Members of the Risk Management Committee

Mr. LAW Yuk Ming, Andy *(Chairman)*

Ms. LEE Vivienne

Mr. MO Chun Wah, Jonathan

Mr. SO Chun Ki Louis

Mr. TSE Wai Ming, Timothy CFA

### Members of the Valuation Committee

Ms. WONG Ngai Sze, Icy *(Chairman)*

Mr. MO Chun Wah, Jonathan

Mr. TSE Wai Ming, Timothy CFA

#### Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

#### Principal Office

9th Floor, Nexxus Building

41 Connaught Road Central

Hong Kong

#### Cayman Islands Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

#### Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

#### Auditor

PricewaterhouseCoopers

#### Legal Advisor

Reed Smith Richards Butler

#### PRC Legal Advisor

LLinks Laws Offices

#### Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

#### Website

[www.valuepartners.com.hk](http://www.valuepartners.com.hk)

#### Stock Code

Stock Exchange of Hong Kong: 806

## Financial highlights

### Financial highlights

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

(In HK\$ million)	For the period ended 30 June		
	2015	2014	% Change
Total revenue	<b>924.8</b>	443.6	+108.5%
Gross management fees	<b>548.8</b>	340.7	+61.1%
Gross performance fees	<b>229.2</b>	21.9	+946.6%
Operating profit (before other gains/losses)	<b>361.7</b>	159.2	+127.2%
Profit attributable to equity holders of the Company	<b>445.7</b>	140.6	+217.0%
Basic earnings per share (HK cents)	<b>24.2</b>	8.0	+202.5%
Diluted earnings per share (HK cents)	<b>24.1</b>	8.0	+201.3%
Interim dividend per share	<b>Nil</b>	Nil	

(In US\$ million)	30 June 2015	31 December 2014	% Change
Assets under management	<b>17,766</b>	12,895	+37.8%

## Report of the Chief Executive Officer

### Delivering robust and sustainable growth

Value Partners' story was compelling in the first half of 2015. Net profit of the Group more than tripled from a year earlier while net sales and assets under management ("AUM") both reached an all-time high. Entering the second half of the year, market volatility edged up and might post uncertainties to our near-term business outlook. Notwithstanding the ongoing development, we remain well positioned to embrace the opportunities and challenges ahead.

In the six months ended 30 June 2015, profit attributable to our equity holders soared 217% to HK\$446 million from HK\$141 million a year ago, bolstered by sizable increase in performance fees<sup>1</sup> and management fees, as well as considerable growth in net fair value gains of the Group's treasury operations. Treasury operations mainly include the Group's investments in its own funds that were made side-by-side with clients. Details of our profit drivers are illustrated below:

- (1) As of 30 June 2015, the Group's AUM increased to US\$17.8 billion from US\$12.9 billion at the end of 2014 on the back of substantial fund inflows and outstanding fund performance. Net sales in the first half of 2015 surged to a record high of US\$3.2 billion. The six-month total was so strong that it equaled the sum of the Group's net sales in the past two years.

With more subscriptions coming in, particularly through our distribution network, management fees, our major revenue contributor, increased 61% to HK\$549 million (1H 2014: HK\$341 million). Meanwhile, the larger share of inflows through distribution channels reduced annualized net management fee margin slightly to 59 basis points (1H 2014: 62 basis points).

- (2) Performance fees, another key component of the Group's revenue, grew considerably to HK\$229 million from HK\$22 million a year earlier, mainly driven by increasing contribution from the Group's growing mandates in mainland China. Performance fees of some of these China mandates crystallized before the end of June, contributing to the surge in fee income during the period. These investment mandates and funds add to the diversity of crystallization dates as performance fees for most of our major own branded funds crystallize at the end of each year. Fund performance in the second half will determine if we can collect more performance fees this year.
- (3) In terms of expenses, the Group continued to exercise stringent cost management, keeping 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 increased to 3 times from 2.7 times a year ago, demonstrating the Group's tenacity and resilience, which are particularly important in a volatile environment.
- (4) As a result of enhanced fee income and effective cost control, operating profit before other gains or losses rose 127% to HK\$362 million (1H 2014: HK\$159 million). Operating profit margin<sup>2</sup> increased to 60.1% from 54.7% in the first half of 2014.
- (5) Outstanding fund performances fortified net fair value gains of the Group's treasury operations. Net fair value gains, which include our seed capital investments and investments in our own funds, rose to HK\$126 million in the first half of 2015 from a net fair value loss of HK\$10 million a year earlier. Seed capital investments were made by the Group to provide initial capital for new funds in the early phase of fund launch.

## Report of the Chief Executive Officer

### Constantly evolving for future growth

Value Partners is a company with much growth potential. Over the past 22 years, Value Partners has evolved as one of the largest asset management companies in Asia with growing geographical presence and product offerings. With China liberalizing its asset management market to Hong Kong fund managers through the Mainland-Hong Kong Mutual Recognition of Funds (“MRF”), Value Partners is perfectly positioned at a prime location to capture this promising source of inflow. Supported by our solid foundation, we will keep on strengthening our distribution network, anchoring our presence in strategic markets, innovating our suite of products and delivering consistent performance to seize the opportunities ahead.

#### 1. Deepening ties with distribution partners

Value Partners is highly recognized among major international, regional and Chinese distributors in Hong Kong for our core competence in investment management and distinctive product offerings. Value Partners High-Dividend Stocks Fund, our largest own branded fund (AUM: US\$4.2 billion<sup>3</sup>), has been named the “Best Retail Product<sup>4</sup>” in *AsianInvestor’s* Asset Management Awards 2015. The fund, designed to capture strong dividend plays across Asia, was also crowned “Asia ex-Japan Fund – Long Term Performance<sup>5</sup>” in *HedgePo’s* Investors Choice Awards 2015 (Asia Pacific).

While we enjoy high penetration in the home market with our strong franchise, we have been leveraging the network of our distributors to extend the reach of our best-selling funds to investors in the region and other overseas markets. During the period, the Group’s best-selling funds were added to the product platform of more distributors. Meanwhile, marketing campaigns have also been rolled out in China and Hong Kong to strengthen brand awareness and substantiate sales effort.

For the rest of 2015, the Group will continue to foster ties with retail banks, private banks, insurance companies, independent financial advisory firms, as well as institutional clients in the region, further broadening our clientele and footprint.

#### 2. Getting new China opportunities

China remains a key market to the Group. In the first half of 2015, new prospects have emerged on the onshore and cross-border front, underpinning net sales of the Group’s fund management business in China.

On the mainland, our partnership with Industrial and Commercial Bank of China Ltd. (“ICBC”), the country’s biggest bank, grew deeper and evolved into a multi-facet and comprehensive collaboration. In addition to offering A-share investment advisory services, Value Partners is also working with ICBC to provide cross-border and outbound investments for the bank’s clients. Qualified Domestic Institutional Investors (“QDII”) fund is one of such examples. Likewise, we are also substantiating cooperation with other Chinese banks, insurance companies and financial institutions.

Separately, the Group has been in active preparation to take part in the MRF scheme to introduce our best-selling funds to investors in China. With the MRF qualification, this will mark an important milestone in our history as this is the first time we can tap domestic China capital with our own branded funds and invest the money overseas.

China’s asset management industry has developed quickly in the past year or so as liberalization goes on. With new relaxation and pilot schemes emerged, some foreign fund managers have shown preference to operating their China business through a wholly foreign owned subsidiary. While the Group’s joint venture in China stayed profitable, Value Partners will continue to rationalize its business model in mainland China as opportunities arise.

## Report of the Chief Executive Officer

### 3. Launching new funds to add diversity

In the first seven months of 2015, the Group has broadened its product range with five new funds, aiding expansion into new markets and bringing in new clients. Value China A-Share ETF, the world's first<sup>6</sup> value-based Renminbi Qualified Foreign Institutional Investors ("RQFII") A-share exchange-traded fund ("ETF"), was listed on the Stock Exchange of Hong Kong in March 2015. While most A-share ETFs in the market are passive funds that track the performance of market indices, Value China A-Share ETF, a smart beta ETF, tracks a customized index that adopts a robust screening model to identify undervalued stocks with good fundamental quality.

Meanwhile, the Group has expanded its product platform under the Undertakings for the Collective Investment in Transferable Securities ("UCITS") scheme by adding new thematic funds and equity funds. With a growing demand for UCITS funds from private banks, as well as investors in Europe and some Asian countries, our enriched UCITS platform will help expedite our entry into these markets.

### 4. Building presence in Southeast Asia and Taiwan

Following the establishment of Value Partners Asset Management Singapore Pte Ltd. as our second strategic hub in Asia last year, the Singapore subsidiary assisted the Group to partner with Affin Hwang Asset Management Berhad, one of the top five asset managers in Malaysia, in introducing a feeder fund in Malaysia in June 2015. The feeder fund invests in Value Partners High-Dividend Stocks Fund.

While accredited and institutional investors remain our near-term focus in Singapore and nearby markets, we seek to grow our Singapore subsidiary to become a full-fledged fund management operation with investment research and product development functions in the long run.

Elsewhere in Taiwan, we have adjusted the strategic focus of our joint venture early this year. On top of our commitment to the local market, we will also focus on meeting the offshore investment needs of Taiwan's financial institutions. With anticipation on further easing on the offshore business, we have established partnership with a couple of leading Taiwanese banks and securities firms. On the institutional front, we are also in discussion with insurance companies which are interested in investing overseas.

### 5. Developing small loan business

Chengdu Vision Credit Limited 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 city in Sichuan province. During the period, we exercised caution in growing our loan book as the operating environment for China's small loan industry turned more challenging. The unit contributed HK\$11.2 million of profit to the Group in the first half of the year.

### 6. Winning market recognitions

Value Partners' business and investment performance have advanced on all fronts, bringing in four new awards in the first half of 2015 and extending our list of accolades to more than 100 prizes since our establishment. In *The Asset's* Triple A, Investor and Fund Management Awards 2015, Value Partners was crowned "Fund Management Company of the Year (Hong Kong)<sup>4</sup>". Meanwhile, Value Partners was named "Best Fund Provider – China Equity<sup>4</sup>" in *Asian Private Banker's* Asset Management Awards for Excellence 2014/15.

## Report of the Chief Executive Officer

### Outlook

As a long-term investor in China for over two decades, Value Partners has immense experience in weathering market downturns and we believe the underlying direction of the Chinese stockmarket is still up over the long run. Every time Value Partners went through market turbulence, we came out stronger than before. Although the market is likely to be volatile in the near future, we will continue to demonstrate the fundamental strength of our business and execute on our strategy to deliver sustainable returns for investors and shareholders.

### Appreciation

Last but not least, we want to express our gratitude to our diligent team for their dedication and pursuit of performance excellence. We would also like to extend our appreciation to all investors, business partners and shareholders.

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

- 1 *Performance fees are generated when funds, at the dates of their performance fee crystallization, reported returns exceeding their benchmarks or high watermarks for the respective periods.*
- 2 *Operating profit margin is derived by dividing operating profit (before other gains/losses) by net fee income.*
- 3 *As of 30 June 2015.*
- 4 *Based on achievements as of 31 December 2014.*
- 5 *Based on performance in the three-year period from 1 January 2012 to 31 December 2014.*
- 6 *Based on Bloomberg data, as of 30 June 2015, on RQFII A-Share ETFs in the market.*

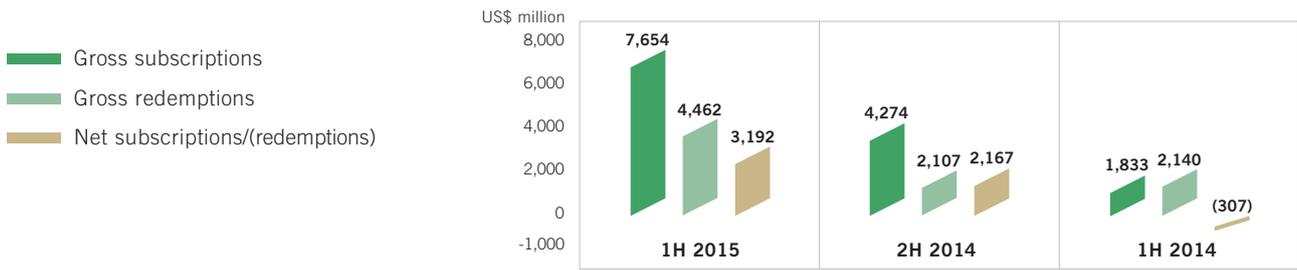
## Financial Review

### Assets Under Management

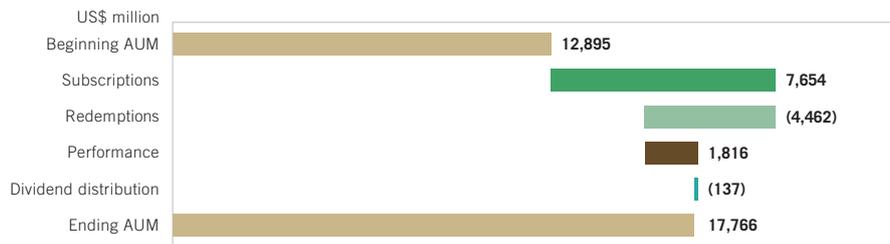
#### AUM and return

The Group's AUM increased to US\$17,766 million at the end of June 2015 (31 December 2014: US\$12,895 million) on the strength of strong sales and fund performance in 2015. Net subscriptions and positive fund returns in the first half of 2015 rose to a record high of US\$3,192 million and US\$1,816 million, respectively. Overall fund performance, as calculated in asset-weighted average return of funds under management, gained 14.5% in the period. Among all, Value Partners Classic Fund<sup>1</sup>, our flagship product, generated solid returns of 18.6% in the period while Value Partners High-Dividend Stocks Fund<sup>2</sup>, the Group's largest public fund<sup>3</sup> in Hong Kong, recorded a gain of 11.8% in the period.

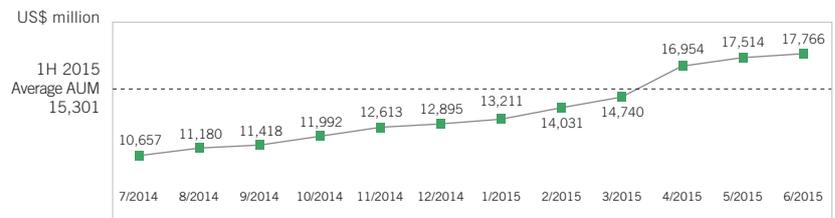
Gross subscriptions in the first half of 2015 (US\$7,654 million) increased significantly from the first half of 2014 (US\$1,833 million) while gross redemptions in the first half of 2015 (US\$4,462 million) increased from the first half of 2014 (US\$2,140 million). All in all, net subscriptions reached an all-time high of US\$3,192 million in the period (1H 2014: net redemptions of US\$307 million).



#### AUM Change in the first half 2015<sup>4</sup>



#### Monthly AUM in the past twelve months



## Financial Review

## AUM by category

The charts below provide an analysis of the Group's AUM as at 30 June 2015 by three different classifications: brand, strategy and fund type. During the period, contribution from Own Branded Funds (74%) continued to rise on the back of relatively stronger fund flows into Value Partners' own branded products amid the Group's expansion in distribution network. In terms of strategy, our Absolute Return Long-biased Funds continued to represent the majority of our funds (89%), followed by our Fixed Income Funds (9%), in which the largest share was contributed by our Greater China High Yield Income Fund. In terms of fund type, Hong Kong Securities and Futures Commission ("SFC") authorized funds<sup>3</sup> (i.e. public funds in Hong Kong) remained the largest composition of the Group's AUM (82%).

	30 Jun 2015	31 Dec 2014	
<b>Classification by brand</b>			
Own Branded Funds	74%	69%	
White Label & Co-branded Funds	26%	31%	
<b>Classification by strategy</b>			
Absolute Return Long-biased Funds	89%	88%	
Fixed Income Funds	9%	9%	
Long-short Hedge Funds	1%	2%	
Quantitative Funds & ETF	1%	1%	
<b>Classification by type</b>			
SFC authorized Funds <sup>3</sup>	82%	81%	
Managed Accounts	12%	11%	
Non-SFC authorized Funds	6%	8%	

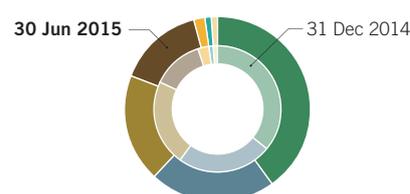
## Financial Review

### Client base

Institutional clients – including institutions, pension funds, high-net-worth individuals (“HNWs”), endowments and foundations, funds of funds, together with family offices and trusts – remained the Group’s primary set of fund investors, accounting for 60% of total AUM (31 December 2014: 64%). The growth in retail clients was strong as a result of our expanding distribution network, particularly in retail banks, boosting retail contribution to 40% of total AUM (31 December 2014: 36%). In terms of geographical location, Hong Kong clients accounted for 75% of the Group’s AUM (31 December 2014: 74%) while clients from United States, Europe and China together represented 18% of the total (31 December 2014: 17%).

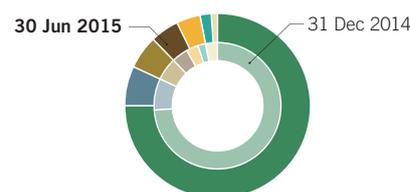
#### Client analysis by type

	30 Jun 2015	31 Dec 2014
Retail	40%	36%
Institutions	22%	24%
Pension funds	19%	22%
High-net-worth individuals	15%	13%
Endowments & foundations	2%	3%
Funds of funds	1%	1%
Family offices & trusts	1%	1%



#### Client analysis by geographical region

	30 Jun 2015	31 Dec 2014
Hong Kong	75%	74%
United States	7%	8%
Europe	6%	6%
China	5%	3%
Singapore	4%	4%
Australia	2%	2%
Others	1%	3%



### Summary of results

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

(In HK\$ million)

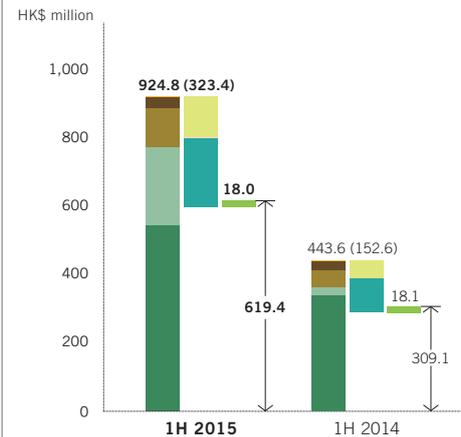
	1H 2015	1H 2014	% Change
Total revenue	924.8	443.6	+108.5%
Gross management fees	548.8	340.7	+61.1%
Gross performance fees	229.2	21.9	+946.6%
Operating profit (before other gains/losses)	361.7	159.2	+127.2%
Profit attributable to equity holders of the Company	445.7	140.6	+217.0%
Basic earnings per share (HK cents)	24.2	8.0	+202.5%
Diluted earnings per share (HK cents)	24.1	8.0	+201.3%
Interim dividend per share	Nil	Nil	

## Financial Review

## Revenue and fee margin

## Breakdown of total net income

(In HK\$ million)	1H 2015	1H 2014
<b>Revenue</b>		
Management fees	548.8	340.7
Performance fees	229.2	21.9
Front-end fees	115.7	55.0
Interest income from loan portfolio	30.0	23.7
Fee income from loan portfolio	1.1	2.3
<b>Distribution and advisory fee expenses</b>		
Management fee rebates	(201.1)	(98.7)
Performance fee rebates	(7.2)	–
Other revenue rebates	(115.1)	(53.9)
<b>Other income</b>		
Other income	18.0	18.1



The Group's profit attributable to equity holders soared 217.0% to HK\$445.7 million for the six months ended 30 June 2015 (1H 2014: HK\$140.6 million). Total revenue rose 108.5% to HK\$924.8 million (1H 2014: HK\$443.6 million). Gross management fees, the major contributor to our revenue, increased 61.1% to HK\$548.8 million (1H 2014: HK\$340.7 million), driven by a 49.7% growth in the Group's average AUM, which rose to US\$15,301 million (1H 2014: US\$10,218 million).

During the period, annualized gross management fee margin increased to 93 basis points (1H 2014: 87 basis points) on the back of relatively stronger inflows into our Own Branded Funds. As an effort to further grow our distribution network, net sales of the Group was bolstered to a record US\$3,192 million. With inflows from distribution network taking a larger share, management fee rebates for distribution channels increased to HK\$201.1 million (1H 2014: HK\$98.7 million), compressing annualized net management fee margin slightly to 59 basis points (1H 2014: 62 basis points).

Gross performance fees, another source of revenue, increased by HK\$207.3 million to HK\$229.2 million (1H 2014: HK\$21.9 million). Performance fees are generated when funds, at the dates of their performance fee crystallization, report returns exceeding their benchmark or high watermarks for the respective period ended. As the dates of performance fee crystallization for most of our major own branded funds are at the end of the year, fund performance in the second half of the year will determine our ability to collect further performance fees in 2015.

Other revenue mainly included front-end fees, of which a substantial amount was rebates to distribution channels. Such rebates are a usual market practice. Other revenue also included HK\$31.1 million (1H 2014: HK\$26.0 million) of interest and fee income generated from the loan portfolio of our non-wholly owned subsidiary, which operates and develops small loan business in Chengdu.

Other income, which mainly comprised interest income and dividend income, was HK\$18.0 million (1H 2014: HK\$18.1 million). Interest income increased to HK\$10.0 million (1H 2014: HK\$5.8 million) while dividend income decreased to HK\$7.9 million (1H 2014: HK\$11.8 million).

## Financial Review

### Other gains and losses

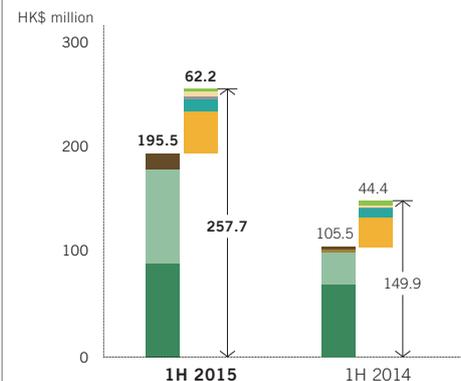
Breakdown of other gains/(losses) – net	(In HK\$ million)	1H 2015	1H 2014
	Net gains on investments	129.7	3.1
	Net gains/(losses) on investments held-for-sale	2.3	(5.4)
	Others	(5.4)	(4.5)
		<b>126.6</b>	<b>(6.8)</b>

Other gains or losses mainly included fair value changes and realized gains or losses on investment items that include seed capital investments, investments in own funds, debt securities and other investments, 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.

### Cost management

#### Breakdown of total expenses

(In HK\$ million)	1H 2015	1H 2014
<u>Compensation and benefit expenses</u>		
Fixed salaries and staff benefits	90.4	70.1
Management bonuses	89.6	30.6
Staff rebates	1.0	2.5
Share-based compensation expenses	14.5	2.3
<u>Other expenses</u>		
Other fixed operating costs	39.9	28.1
Sales and marketing	12.2	8.7
Loan impairment allowances	2.5	0.4
Depreciation	5.1	2.7
Non-recurring expenses	2.5	4.5



The Group's management team 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. This objective 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 the current period, the Group's fixed cost coverage (for asset management business) rose to 3.0 times (1H 2014: 2.7 times), portraying our defensive approach as market volatility edged up.

## Financial Review

### Compensation and benefit expenses

Fixed salaries and staff benefits increased by HK\$20.3 million to HK\$90.4 million (1H 2014: HK\$70.1 million). The increase was mainly attributable to salary increments and additional headcount costs incurred 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 bonuses to employees – management bonuses for the period amounted to HK\$89.6 million (1H 2014: HK\$30.6 million). The net profit pool is derived by deducting certain adjustments, including cost of capital, from net profit before management bonuses and taxation. Discretionary bonuses promote staff loyalty and performance while aligning employee interests with shareholders'.

Staff rebates decreased to HK\$1.0 million (1H 2014: HK\$2.5 million). Staff of Value Partners are entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group.

The Group also recorded expenses of HK\$14.5 million (1H 2014: HK\$2.3 million) relating to stock options granted to employees. This expense item has no impact on cash flow and is 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\$39.9 million (1H 2014: HK\$28.1 million).

Sales and marketing expenses rose to HK\$12.2 million (1H 2014: HK\$8.7 million) as a result of increased spending on advertising and distributor sponsorship to grow brand awareness.

### 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. Barring any unexpected changes in the market environment, a final dividend (but not interim dividend) is expected to be declared this year.

### 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 period, the Group's balance sheet and cash flow positions remained strong with a net cash balance of HK\$1,771.8 million. Net cash inflows from operating activities amounted to HK\$817.1 million. Bank balance of RMB50 million was 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) was 7.3 times.

## Financial Review

### Capital structure

As at 30 June 2015, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$3,971.5 million and 1.85 billion, respectively.

- 1 *Performance of Value Partners Classic Fund (A Units) over past five years: 2010: +20.2%; 2011: -17.2%; 2012: +14.0%; 2013: +11.2%; 2014: +13.5%; 2015 (Year to date as at 31 July): +5.6%.*
- 2 *Performance of Value Partners High-Dividend Stocks Fund (Class A1) over past five years: 2010: +25.8%; 2011: -11.9%; 2012: +25.2%; 2013: +8.1%; 2014: +9.4%; 2015 (Year to date as at 31 July): +4.6%.*
- 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 it is an endorsement of its suitability for any particular investor or class of investors.*
- 4 *Excluding AUM of Goldstate Capital Fund Management Company Limited, in which the Group holds an ownership interest of 49%.*

*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 dividend reinvested and net of all fees. Past performance is not indicative of future performance.*

# Independent Review Report

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF VALUE PARTNERS GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 16 to 38, which comprises the condensed consolidated balance sheet of Value Partners Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 13 August 2015

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
<b>Income</b>			
Fee income and other revenue	6	924,842	443,564
Distribution and advisory fee expenses	7	(323,405)	(152,575)
<b>Net fee income</b>		<b>601,437</b>	290,989
Other income	8	17,957	18,093
<b>Total net income</b>		<b>619,394</b>	309,082
<b>Expenses</b>			
Share-based compensation	9	(14,457)	(2,253)
Other compensation and benefit expenses		(181,038)	(103,175)
Operating lease rentals		(12,401)	(9,087)
Other expenses		(49,798)	(35,370)
<b>Total expenses</b>		<b>(257,694)</b>	(149,885)
<b>Operating profit (before other gains/losses)</b>		<b>361,700</b>	159,197
Net gains on investments		129,692	3,127
Net gains/(losses) on investments held-for-sale	18	2,301	(5,448)
Others		(5,423)	(4,477)
<b>Other gains/(losses) – net</b>	10	<b>126,570</b>	(6,798)
<b>Operating profit (after other gains/losses)</b>		<b>488,270</b>	152,399
Share of profit of an associate	16	132	9,484
<b>Profit before tax</b>		<b>488,402</b>	161,883
Tax expense	11	(43,634)	(22,777)
<b>Profit for the period</b>		<b>444,768</b>	139,106
<b>Other comprehensive income/(loss) for the period</b>			
<b>– Items that may be subsequently reclassified to profit or loss</b>			
Fair value losses on available-for-sale financial assets		(776)	(4,117)
Foreign exchange translation		1,406	(10,231)
<b>Other comprehensive income/(loss) for the period</b>	12	<b>630</b>	(14,348)
<b>Total comprehensive income for the period</b>		<b>445,398</b>	124,758
<b>Profit attributable to</b>			
Equity holders of the Company		445,733	140,616
Non-controlling interests		(965)	(1,510)
		<b>444,768</b>	139,106
<b>Total comprehensive income for the period attributable to</b>			
Equity holders of the Company		445,821	127,467
Non-controlling interests		(423)	(2,709)
		<b>445,398</b>	124,758
<b>Earnings per share for profit attributable to equity holders of the Company (HK cents per share)</b>			
– basic		24.2	8.0
– diluted		24.1	8.0

The notes on pages 20 to 38 are an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
<b>Non-current assets</b>			
Property, plant and equipment	14	16,648	13,753
Intangible assets	15	39,154	32,406
Investment in an associate	16	102,783	102,651
Deferred tax assets		5,434	3,797
Investments	17	1,154,518	889,616
Other assets	21	8,863	8,703
Loan portfolio, net	22	138,931	141,031
		<b>1,466,331</b>	1,191,957
<b>Current assets</b>			
Investments	17	233,471	178,931
Investments held-for-sale	18	54,048	29,528
Fees receivable	19	247,545	693,600
Loan portfolio, net	22	171,502	171,093
Amounts receivable on sale of investments		254,935	254,935
Prepayments and other receivables		59,365	41,423
Time deposits		109,113	250,169
Cash and cash equivalents	20	1,771,818	1,551,001
		<b>2,901,797</b>	3,170,680
<b>Current liabilities</b>			
Accrued bonus		91,145	235,506
Distribution fee expenses payable	24	116,303	77,016
Other payables and accrued expenses		38,942	36,107
Short-term loan	25	62,425	62,420
Current tax liabilities		87,282	64,822
		<b>396,097</b>	475,871
<b>Net current assets</b>		<b>2,505,700</b>	2,694,809
<b>Total assets less current liabilities</b>		<b>3,972,031</b>	3,886,766
<b>Non-current liabilities</b>			
Accrued bonus		561	561
<b>Net assets</b>		<b>3,971,470</b>	3,886,205
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Issued equity	23	1,369,572	1,336,979
Other reserves		204,890	191,186
Retained earnings			
– proposed dividends	13	–	404,066
– others		2,321,730	1,877,357
		<b>3,896,192</b>	3,809,588
Non-controlling interests		75,278	76,617
<b>Total equity</b>		<b>3,971,470</b>	3,886,205

The notes on pages 20 to 38 are an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Note	Attributable to equity holders of the Company			Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
		Issued equity HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000			
<b>Unaudited</b>							
<b>As at 1 January 2014</b>		889,213	192,811	1,665,051	2,747,075	81,590	2,828,665
Profit/(loss) for the period		-	-	140,616	140,616	(1,510)	139,106
<b>Other comprehensive income/(loss)</b>							
Fair value losses on available-for-sale financial assets		-	(4,117)	-	(4,117)	-	(4,117)
Foreign exchange translation		-	(9,032)	-	(9,032)	(1,199)	(10,231)
<b>Total comprehensive income/(loss)</b>		-	(13,149)	140,616	127,467	(2,709)	124,758
<b>Transactions with owners</b>							
Share-based compensation	9	-	2,253	-	2,253	-	2,253
Dividends to equity holders of the Company		-	-	(187,807)	(187,807)	-	(187,807)
<b>Total transactions with owners</b>		-	2,253	(187,807)	(185,554)	-	(185,554)
<b>As at 30 June 2014</b>		889,213	181,915	1,617,860	2,688,988	78,881	2,767,869
<b>Unaudited</b>							
<b>As at 1 January 2015</b>		1,336,979	191,186	2,281,423	3,809,588	76,617	3,886,205
Profit/(loss) for the period		-	-	445,733	445,733	(965)	444,768
<b>Other comprehensive income/(loss)</b>							
Fair value losses on available-for-sale financial assets		-	(776)	-	(776)	-	(776)
Foreign exchange translation		-	864	-	864	542	1,406
<b>Total comprehensive income/(loss)</b>		-	88	445,733	445,821	(423)	445,398
<b>Transactions with owners</b>							
Exercise of share options	23	32,593	-	-	32,593	-	32,593
Acquisition of additional interest in a subsidiary		-	(841)	-	(841)	(916)	(1,757)
Share-based compensation	9	-	14,457	-	14,457	-	14,457
Dividends to equity holders of the Company	13	-	-	(405,426)	(405,426)	-	(405,426)
<b>Total transactions with owners</b>		32,593	13,616	(405,426)	(359,217)	(916)	(360,133)
<b>As at 30 June 2015</b>		1,369,572	204,890	2,321,730	3,896,192	75,278	3,971,470

The notes on pages 20 to 38 are an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
<b>Cash flows from operating activities</b>		
Net cash generated from operations	798,496	177,362
Interest received	11,515	23,259
Interest received from loan portfolio	29,915	4,088
Tax paid	(22,811)	(16,785)
<b>Net cash generated from operating activities</b>	<b>817,115</b>	<b>187,924</b>
<b>Cash flows from investing activities</b>		
Acquisition of additional interest in a subsidiary	(1,757)	–
Purchase of property, plant and equipment and intangible assets	(14,697)	(6,433)
Purchase of investments	(223,607)	(2,857)
Disposal of investments	3,310	450,570
Dividends received from investments	7,665	11,822
Interest received from investments	–	4,316
<b>Net cash (used in)/generated from investing activities</b>	<b>(229,086)</b>	<b>457,418</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(405,426)	(187,807)
Proceeds from shares issued upon exercise of share options	32,593	–
<b>Net cash used in financing activities</b>	<b>(372,833)</b>	<b>(187,807)</b>
<b>Net increase in cash and cash equivalents</b>	<b>215,196</b>	<b>457,535</b>
Net foreign exchange gains/(losses) on cash and cash equivalents	5,621	(6,080)
Cash and cash equivalents at beginning of the period	1,551,001	692,116
<b>Cash and cash equivalents at end of the period</b>	<b>1,771,818</b>	<b>1,143,571</b>

The notes on pages 20 to 38 are an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

## 1 General information

Value Partners Group Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office and its principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 9th Floor, Nexus Building, 41 Connaught Road Central, Hong Kong, respectively.

The Company acts as an investment holding company. The Company and its subsidiaries (together, the “Group”) principally provides investment management services to investment funds and managed accounts. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

This condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 13 August 2015.

This condensed consolidated interim financial information has been reviewed, not audited.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

## 3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### New standards adopted by the Group

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a material impact on the Group.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**3 Accounting policies (continued)****New standards issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted**

- HKFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9’s full impact.
- HKFRS 15 “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is yet to assess the impact of HKFRS 15.

There are no other HKFRS or HK(IFRIC) Interpretations that are not yet effective that would be expected to have a material impact on the Group.

**4 Fair value estimation**

The following table presents the Group’s financial instruments that are measured at fair value at the end of the reporting period by level of the fair value measurement hierarchy.

	Level 1		Level 2		Level 3		Total	
	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited						
Investments (Note 17)								
Listed securities	398,039	344,182	-	-	-	-	398,039	344,182
Unlisted securities								
Investment funds – Cayman Islands	-	-	640,451	546,986	3,258	3,326	643,709	550,312
Others	-	-	307,288	174,053	-	-	307,288	174,053
Derivative financial instruments	-	-	-	-	38,953	-	38,953	-
Investments held-for-sale (Note 18)	-	-	54,048	29,528	-	-	54,048	29,528

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 4 Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices for identical instruments at the reporting date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial instruments held by the Group is the last traded price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, either directly (as prices) or indirectly (derived from prices), the instrument is included in level 2. These investments include the Group's investments in investment funds.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted bid prices (or net asset value) provided by fund administrators for unlisted investment funds. These investment funds invest substantially in listed equities.
- Derivative financial instruments are measured by reference to the fair value of underlying assets at which the issuers have agreed to buy back from holders.
- Other techniques, such as valuations performed by external valuation specialists, recent arm's length transactions or reference to other instruments that are substantially the same, for the remaining financial instruments.

The following table presents the movement in level 3 instruments.

	Investments	
	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
<b>As at 1 January</b>	<b>3,326</b>	52
Addition to level 3	<b>39,000</b>	3,100
Losses recognized in profit or loss	<b>(57)</b>	(265)
Gains recognized in other comprehensive income	–	439
Losses recognized in other comprehensive income	<b>(58)</b>	–
<b>As at 30 June 2015/31 December 2014</b>	<b>42,211</b>	3,326
Total (losses)/gains for the period/year included in the condensed consolidated statement of comprehensive income for level 3 instruments held at the end of the period/year	<b>(115)</b>	174
Change in unrealized gains or losses for level 3 instruments held at period/year end and included in net gains on investments	<b>(57)</b>	174

The level 3 instruments include investment funds and an equity swap. The investment funds, managed by the Group and an external party, are stated with reference to the net asset value provided by the respective administrators of the investment funds. If the net asset value of the investment funds is not available or the Group considers that such net asset value is not reflective of fair value, the Group may exercise its judgment and discretion to determine the fair value of the investment funds. The equity swap is valued at the last transacted price quoted by the issuer. There were no changes in valuation techniques during the period.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 4 Fair value estimation (continued)

As at 30 June 2015 and 31 December 2014, the majority of the Group's investments are included in level 1 and 2. There were no transfers between levels of the fair value measurement hierarchy for the period ended 30 June 2015 (2014: Nil).

The maturities of fees receivable, amounts receivable on sale of investments, other receivables, restricted bank balances, time deposits, cash and cash equivalents and financial liabilities are within one year, and the carrying value approximates their fair value.

### 5 Segment information

The Board of Directors reviews the Group's internal financial reporting and other information and also obtains other relevant external information in order to assess performance and allocate resources and operating segments are identified with reference to these.

The Group determines its operating segments based on the information reviewed by the Board of Directors, which is used to make strategic decisions. The Board of Directors considers the business from a product perspective.

The Group has two reportable segments – asset management business and small loan business. The two segments are managed separately and offer different products and services. The asset management business is the Group's core business. It derives revenues from the provision of investment management services to investment funds and managed accounts.

The Group has a small loan business in Chengdu. Major income from this small loan business includes interest income and administrative fee income.

The Board of Directors assesses the performance of the operating segments based on the measure of profit before tax.

#### Profit or loss

The revenue and profit before tax reported to the Board of Directors is measured in a manner consistent with that in the condensed consolidated interim financial information. An analysis of the Group's reportable segment profit before tax for the period by segments is as follows:

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Asset management business HK\$'000 Unaudited	Small loan business HK\$'000 Unaudited	Total HK\$'000 Unaudited	Asset management business HK\$'000 Unaudited	Small loan business HK\$'000 Unaudited	Total HK\$'000 Unaudited
Income from external customers	893,759	31,083	924,842	417,551	26,013	443,564
Distribution and advisory fee expenses	(323,405)	–	(323,405)	(152,575)	–	(152,575)
<b>Net fee income</b>	<b>570,354</b>	<b>31,083</b>	<b>601,437</b>	264,976	26,013	290,989
Other income	16,087	1,870	17,957	16,865	1,228	18,093
<b>Total net income</b>	<b>586,441</b>	<b>32,953</b>	<b>619,394</b>	281,841	27,241	309,082
Operating expenses	(239,535)	(18,159)	(257,694)	(139,822)	(10,063)	(149,885)
<b>Operating profit (before other gains/losses)</b>	<b>346,906</b>	<b>14,794</b>	<b>361,700</b>	142,019	17,178	159,197
Other gains/(losses) – net	126,570	–	126,570	(6,798)	–	(6,798)
<b>Operating profit (after other gains/losses)</b>	<b>473,476</b>	<b>14,794</b>	<b>488,270</b>	135,221	17,178	152,399
Share of profit of an associate	132	–	132	9,484	–	9,484
<b>Reportable segment profit before tax</b>	<b>473,608</b>	<b>14,794</b>	<b>488,402</b>	144,705	17,178	161,883

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 5 Segment information (continued)

#### Assets

An analysis of the Group's reportable segment total assets and total liabilities at the reporting date by segments is as follows:

	<b>30 June 2015 HK\$'000 Unaudited</b>	31 December 2014 HK\$'000 Audited
Asset management business	<b>3,889,243</b>	3,895,617
Small loan business	<b>478,885</b>	467,020
<b>Total assets</b>	<b>4,368,128</b>	4,362,637

### 6 Turnover and revenue

Turnover and revenue consist of fees from investment management activities, fund distribution activities, as well as interest and fee income from the loan portfolio.

	<b>Six months ended 30 June</b>	
	<b>2015 HK\$'000 Unaudited</b>	2014 HK\$'000 Unaudited
Management fees	<b>548,826</b>	340,733
Performance fees	<b>229,242</b>	21,861
Front-end fees	<b>115,691</b>	54,957
<b>Total fee income</b>	<b>893,759</b>	417,551
Interest income from loan portfolio	<b>29,970</b>	23,689
Fee income from loan portfolio	<b>1,113</b>	2,324
<b>Total turnover and revenue</b>	<b>924,842</b>	443,564

### 7 Distribution and advisory fee expenses

	<b>Six months ended 30 June</b>	
	<b>2015 HK\$'000 Unaudited</b>	2014 HK\$'000 Unaudited
Distribution fee expenses	<b>318,883</b>	151,146
Advisory fee expenses	<b>4,522</b>	1,429
<b>Total distribution and advisory fee expenses</b>	<b>323,405</b>	152,575

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**8 Other income**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Interest income from cash and cash equivalents, time deposits and restricted bank balances	<b>9,958</b>	4,219
Interest income from debt securities	–	1,547
Dividend income from available-for-sale financial assets	<b>6,814</b>	6,016
Dividend income from financial assets at fair value through profit or loss	<b>1,090</b>	5,806
Others	<b>95</b>	505
<b>Total other income</b>	<b>17,957</b>	18,093

**9 Share-based compensation**

The Group operates a share option scheme for directors, employees and others whom the Board of Directors considers, in its sole discretion, have contributed or will contribute to the Group. The share option scheme is effective for a period of ten years from the date it was adopted, after which no new share options will be granted but the provisions of the scheme will remain in full force and effect in all other respects. The share options are subject to terms as the Board of Directors may determine. Such terms may include the exercise price of the share options, the minimum period for which the share options must be held before they can be exercised in whole or in part, the conditions that must be reached before the share options can be exercised. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. 140,920,000 options were granted under the share option scheme during the six months ended 30 June 2015 (2014: Nil).

The total expense recognized in the consolidated statement of comprehensive income for share options granted to directors and employees during the six months ended 30 Jun 2015 was HK\$14,457,000 (2014: HK\$2,253,000) which has no impact to the Group's cash flow. The weighted average fair value of options granted during the six months ended 30 June 2015 was determined using the Black-Scholes valuation model. The total fair value of options granted is amortized over the vesting period. The significant inputs into the model included share price at the grant date, exercise price, estimated volatility, estimated dividend yield based on historical dividend per share for the financial year 2014, expected option life, and annual risk-free interest rate. The volatility was measured based on historic average share price volatility over a period of similar maturity to those of the share options.

The measurement dates of the share options were 12 May 2015 and 17 June 2015, being the dates of grant of the share options. The grant of 54,800,000 share options to Dato' Cheah was approved in the extraordinary general meeting of the Company held on 27 July 2015. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse. Forfeiture rate is also considered in determining the amount of share option expenses.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 10 Other gains/(losses) – net

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
Net gains on investments		
Gains on financial assets at fair value through profit or loss	133,726	29,335
Losses on financial assets at fair value through profit or loss	(4,034)	(28,051)
Gains on disposal of available-for-sale financial assets	–	3,734
Losses on disposal of available-for-sale financial assets	–	(1,891)
Net gains/(losses) on investments held-for-sale (Note 18)		
Gains on investments held-for-sale	5,101	2,980
Losses on investments held-for-sale	(2,800)	(8,428)
Net foreign exchange losses	(5,423)	(4,477)
<b>Total other gains/(losses) – net</b>	<b>126,570</b>	<b>(6,798)</b>

### 11 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 condensed consolidated interim financial information.

Hong Kong profits tax has been provided on the estimated assessable profit for the six months ended 30 June 2015 at the rate of 16.5% (2014: 16.5%). The effective tax rate was 8.9% (2014: 14.1%).

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
<b>Current tax</b>		
Hong Kong profits tax	34,582	20,363
Overseas tax	14,653	6,872
Adjustments in respect of prior years	(6,031)	(4,318)
<b>Total current tax</b>	<b>43,204</b>	<b>22,917</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	430	(140)
<b>Total tax expense</b>	<b>43,634</b>	<b>22,777</b>

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**12 Other comprehensive income/loss**

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Available-for-sale financial assets		
Fair value (losses)/gains during the period	(776)	248
Reclassification adjustments for gains included in profit or loss	–	(4,365)
Fair value losses on available-for-sale financial assets	(776)	(4,117)
Foreign exchange translation	1,406	(10,231)
<b>Total other comprehensive income/(loss)</b>	<b>630</b>	<b>(14,348)</b>

**13 Dividends**

Dividends declared by the Company of HK\$405,426,000 are related to the year ended 31 December 2014 and were paid on 26 May 2015.

No interim dividend was proposed by the Board of Directors for the six months ended 30 June 2015 (2014: Nil).

**14 Property, plant and equipment**

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
<b>Opening net book amount</b>	<b>13,753</b>	4,332
Additions	6,271	4,235
Depreciation	(3,385)	(1,774)
Exchange differences	9	(19)
<b>Closing net book amount</b>	<b>16,648</b>	6,774

**15 Intangible assets**

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
<b>Opening net book amount</b>	<b>32,406</b>	55,614
Additions	8,426	2,198
Amortization	(1,705)	(934)
Exchange differences	27	32
<b>Closing net book amount</b>	<b>39,154</b>	56,910

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**16 Investment in an associate**

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
<b>Beginning of the period</b>	<b>102,651</b>	92,125
Share of results – gain after tax	<b>132</b>	9,484
<b>End of the period</b>	<b>102,783</b>	101,609

Details of the associate of the Group which was indirectly held are as follows:

Name	Place of incorporation	Interest held	
		2015	2014
Goldstate Capital Fund Management Company Limited (“Goldstate Capital”)	The People’s Republic of China	<b>49%</b>	49%

Although the remaining 51% interests are held by one shareholder, the Group has the ability to exercise significant influence over Goldstate Capital through representation on its Board of Directors.

The associate is individually immaterial and is accounted for using equity method. The Group’s interest in the associate is summarized below:

	30 June		31 December
	2015 HK\$'000 Unaudited	2014 HK\$'000 Audited	
Carrying amount	<b>102,783</b>	102,651	

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
Share of profit from continuing activities and total comprehensive income	<b>132</b>	9,484

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**17 Investments**

Investments include the following:

	Financial assets at fair value through profit or loss		Available-for-sale financial assets		Total	
	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
<b>Listed securities (by place of listing)</b>						
Equity securities – China	233,471	178,931	–	–	233,471	178,931
Investment funds – Hong Kong	164,568	165,251	–	–	164,568	165,251
<b>Market value of listed securities</b>	<b>398,039</b>	<b>344,182</b>	<b>–</b>	<b>–</b>	<b>398,039</b>	<b>344,182</b>
<b>Unlisted securities (by place of incorporation/establishment)</b>						
Equity securities – Singapore	–	–	4,831	8,379	4,831	8,379
Investment funds – Australia	16,644	15,882	–	–	16,644	15,882
Investment funds – Cayman Islands	640,932	547,477	2,777	2,835	643,709	550,312
Investment funds – China	30,306	17,508	27,704	–	58,010	17,508
Investment funds – Ireland	126,635	105,614	–	–	126,635	105,614
Investment funds – Luxemburg	–	–	77,167	–	77,167	–
Investment funds – Taiwan	–	3,201	–	–	–	3,201
Investment funds – United States	350	294	23,651	23,175	24,001	23,469
<b>Fair value of unlisted securities</b>	<b>814,867</b>	<b>689,976</b>	<b>136,130</b>	<b>34,389</b>	<b>950,997</b>	<b>724,365</b>
<b>Derivative financial instruments</b>						
Equity swap	38,953	–	–	–	38,953	–
<b>Fair value of derivative financial instruments</b>	<b>38,953</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>38,953</b>	<b>–</b>
<b>Total investments</b>	<b>1,251,859</b>	<b>1,034,158</b>	<b>136,130</b>	<b>34,389</b>	<b>1,387,989</b>	<b>1,068,547</b>
Representing:						
Non-current	1,018,388	855,227	136,130	34,389	1,154,518	889,616
Current	233,471	178,931	–	–	233,471	178,931
<b>Total investments</b>	<b>1,251,859</b>	<b>1,034,158</b>	<b>136,130</b>	<b>34,389</b>	<b>1,387,989</b>	<b>1,068,547</b>

In addition to the above, some investments were classified as held-for-sale as at 30 June 2015 and 31 December 2014. Refer to Note 18 for details.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 17 Investments (continued)

#### Interests in unconsolidated structured entities

Investments include a number of investment funds managed by subsidiaries of the Group to which the Group has provided seed capital for the set up of these funds. As at 30 June 2015 and 31 December 2014, the Group determined that all of these investment funds are unconsolidated structured entities. Refer to Note 28.3 for details.

The maximum exposure to loss for all interests in structured entities is the carrying value of the investments in investment funds (refer to Note 28.3) and fees receivable as shown in the condensed consolidated balance sheet. The size of the investment funds ranges from US\$0.8 million to US\$4.2 billion (31 December 2014: US\$3.2 million to US\$2.9 billion).

### 18 Investments held-for-sale

The Group classified the following 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.

	Fair value	
	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
Investment funds – Ireland	38,595	–
Investment funds – Taiwan	15,453	29,528
<b>Total investments held-for-sale</b>	<b>54,048</b>	<b>29,528</b>

As at 30 June 2015 and 31 December 2014, the major assets of the above funds were listed equity securities.

#### Gains/(losses) recognized in other gains/(losses) – net relating to investments held-for-sale

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
Change in unrealized gains/losses on investments held-for-sale	(2,800)	(5,448)
Realized gains on investments held-for-sale	5,101	–
<b>Net gains/(losses) on investments held-for-sale</b>	<b>2,301</b>	<b>(5,448)</b>

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**19 Fees receivable**

The carrying amounts of fees receivable approximate their fair value due to the short-term maturity. The maximum exposure to credit risk at the reporting date is the carrying amounts of the fees receivable. The Group did not hold any collateral as security as at 30 June 2015 (31 December 2014: Nil).

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:

	<b>30 June 2015 HK\$'000 Unaudited</b>	31 December 2014 HK\$'000 Audited
<b>Fees receivable that were past due but not impaired</b>		
1 – 30 days	<b>2,543</b>	754
31 – 60 days	–	72
61 – 90 days	<b>3,417</b>	198
Over 90 days	<b>2,700</b>	911
	<b>8,660</b>	1,935
Fees receivable that were within credit period	<b>238,885</b>	691,665
<b>Total fees receivable</b>	<b>247,545</b>	693,600

Fees receivable from investment management activities are generally deducted from the net asset value of the investment funds and managed accounts and paid directly by the administrator or custodian of the investment funds and managed accounts at the end of the relevant valuation period or credit period, as appropriate.

There was no impairment provision on fees receivable as at 30 June 2015 (31 December 2014: Nil).

**20 Cash and cash equivalents**

	<b>30 June 2015 HK\$'000 Unaudited</b>	31 December 2014 HK\$'000 Audited
Cash at banks and in hand	<b>435,640</b>	178,158
Short-term bank deposits	<b>1,207,937</b>	1,200,717
Deposits with brokers	<b>128,241</b>	172,126
<b>Total cash and cash equivalents</b>	<b>1,771,818</b>	1,551,001

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 21 Other assets

	<b>30 June 2015 HK\$'000 Unaudited</b>	31 December 2014 HK\$'000 Audited
Restricted bank balances	<b>6,367</b>	6,198
Other assets	<b>2,496</b>	2,505
<b>Total other assets</b>	<b>8,863</b>	8,703

In accordance with the Regulations Governing the Conduct of Discretionary Investment Business and the Regulations Governing Offshore Funds of Taiwan, as at 30 June 2015, Value Partners Concord Asset Management Company Limited, a subsidiary of the Group, placed a deposit of NT\$25 million (equivalent to HK\$6,280,000) (31 December 2014: NT\$25 million (equivalent to HK\$6,110,000)) as a financial guarantee with Bank Sinopac so that it can operate in the business of discretionary investment management and sales of offshore funds in Taiwan.

In addition, bank deposits of RMB70,000 (equivalent to HK\$87,000) (31 December 2014: RMB70,000 (equivalent to HK\$88,000)) were placed as a minimum reserve for the Group's investment in equity securities in China.

### 22 Loan portfolio, net

#### 22.1 Loan Portfolio less allowance

	<b>30 June 2015 HK\$'000 Unaudited</b>	31 December 2014 HK\$'000 Audited
<b>Loan portfolio in the People's Republic of China</b>		
Corporate	<b>57,251</b>	95,940
Personal	<b>265,231</b>	226,052
	<b>322,482</b>	321,992
Allowance for impairment	<b>(12,049)</b>	(9,868)
<b>Total loan portfolio, net</b>	<b>310,433</b>	312,124
Representing:		
Non-current	<b>138,931</b>	141,031
Current	<b>171,502</b>	171,093
<b>Total loan portfolio, net</b>	<b>310,433</b>	312,124

As at 30 June 2015, the loan portfolio had a weighted average remaining term of 2.3 years (31 December 2014: 2.3 years) on a contractual basis, without taking into account any prepayment of loans. Final maturity of the loan portfolio is in the year 2020.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**22 Loan portfolio, net (continued)****22.2 Allowance for loan impairment**

	Collective assessment		Individual assessment	
	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
<b>As at 1 January</b>	<b>3,470</b>	1,637	<b>6,398</b>	–
Charged to the consolidated statement of comprehensive income	34	1,888	2,466	6,458
Exchange differences	–	(55)	(319)	(60)
<b>As at 30 June 2015/31 December 2014</b>	<b>3,504</b>	3,470	<b>8,545</b>	6,398

As at 30 June 2015, the allowance for collectively assessed loan impairment amounted to 1.1% of the outstanding balances of the loan portfolio (31 December 2014: 1.1%), and the allowance for individually assessed loan impairment amounted to 24.8% of the impaired loan portfolio (31 December 2014: 24.3%).

**23 Issued equity**

	Number of shares	Issued equity HK\$'000
<b>Unaudited</b>		
<b>As at 1 January 2014 and 30 June 2014</b>	1,755,202,800	889,213
<b>Unaudited</b>		
<b>As at 1 January 2015</b>	1,836,664,831	1,336,979
Share issued upon exercise of share options	9,800,000	32,593
<b>As at 30 June 2015</b>	<b>1,846,464,831</b>	<b>1,369,572</b>

**Share options**

The Group operates a share option scheme for directors, employees and others whom the Board of Directors considers, in its sole discretion, have contributed or will contribute to the Group.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 23 Issued equity (continued)

#### Share options (continued)

Movements in the number of share options outstanding and their related exercise prices are as follows:

	Average exercise price (HK\$ per share)	Number of options (‘000)
<b>Unaudited</b>		
<b>As at 1 January 2014 and 30 June 2014</b>	5.18	101,515
<b>Unaudited</b>		
<b>As at 1 January 2015</b>	3.82	19,650
Exercised	2.44	(5,200)
Exercised	5.00	(1,700)
Exercised	3.94	(2,900)
Granted (Note 9)	13.60	44,500
Granted (Note 9)	14.09	96,420
<b>As at 30 June 2015</b>	<b>13.31</b>	<b>150,770</b>

Out of the 150,770,000 (31 December 2014: 19,650,000) outstanding share options, 8,517,000 (31 December 2014: 16,750,000) options were exercisable as at 30 June 2015 with weighted average exercise price of HK\$4.28 (2014: HK\$3.75). 9,800,000 (2014: Nil) options were exercised during the six months ended 30 June 2015.

Share options outstanding have the following expiry date and exercise price:

Expiry date	Exercise price (HK\$ per share)	Number of options (‘000)	
		30 June 2015 Unaudited	30 June 2014 Unaudited
25 September 2014	5.50	–	25,864
14 November 2014	5.50	–	55,451
26 October 2015	2.44	<b>1,200</b>	6,400
22 December 2016	5.00	<b>2,850</b>	5,100
11 November 2021	13.60	<b>44,500</b>	–
16 December 2021	14.09	<b>96,420</b>	–
30 May 2022	3.94	<b>1,800</b>	4,700
6 December 2022	4.56	<b>4,000</b>	4,000

### 24 Distribution fee expenses payable

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

	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
0 – 30 days	<b>115,261</b>	76,946
31 – 60 days	<b>1,042</b>	11
61 – 90 days	–	35
Over 90 days	–	24
<b>Total distribution fee expenses payable</b>	<b>116,303</b>	77,016

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 25 Short-term Loan

As at 30 June 2015, the short term loan of RMB50,000,000 (equivalent to HK\$62,425,000) (31 December 2014: RMB50,000,000 (equivalent to HK\$62,420,000)) bears an annual interest rate of 4.45% and is repayable in July 2015. Such loan is secured by the time deposit of Brilliant Star Capital Limited, a subsidiary of the Company.

### 26 Commitments

#### 26.1 Operating lease commitments

##### The Group as the lessee

The Group leases various offices and office equipment under non-cancellable operating lease agreements. The lease terms are between two and five years. The majority of the lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>30 June 2015 HK\$'000 Unaudited</b>	31 December 2014 HK\$'000 Audited
Not later than one year	<b>23,880</b>	20,166
Later than one year and not later than five years	<b>33,880</b>	34,734
<b>Total operating lease commitments</b>	<b>57,760</b>	54,900

#### 26.2 Unfunded capital commitments

As at 30 June 2015, the Group has unfunded capital commitments in a private equity fund amounted to US\$600,000 (equivalent to HK\$4,650,000) (31 December 2014: US\$600,000 (equivalent to HK\$4,650,000)).

### 27 Contingencies

The Group has contingent assets in respect of performance fees and contingent liabilities in respect of the performance fee element of distribution fee expenses arising in the ordinary course of business.

#### 27.1 Contingent assets

Performance fees for non-private equity fund products for each performance period are generally calculated annually with reference to a performance fee valuation day. Performance fees for private equity fund products are generally calculated at the end of the period over which the performance is measured (performance fee valuation day) and this is generally the end of the life of the private equity fund or upon each successful divestment of an investment of the private equity fund. Performance fees are only recognized when they are earned by the Group.

As a result, as at 30 June 2015 and 31 December 2014, performance fees in respect of performance periods ending on a performance fee valuation day not falling within the corresponding period/year have not been recognized. These performance fees may be receivable in cash if a positive performance results (for non-private equity fund products) or a performance threshold is exceeded (for private equity fund products) on the performance fee valuation days, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 27 Contingencies (continued)

#### 27.2 Contingent liabilities

The performance fee element of distribution fee expenses is based on the performance fees earned by the Group. These distribution fee expenses are recognized when the performance fees are earned by the Group and the Group is obliged to pay the corresponding distribution fee expenses.

As a result, as at 30 June 2015 and 31 December 2014, the performance fee element of distribution fee expenses in respect of performance periods ending on a performance fee valuation day not falling within the corresponding period/year have not been recognized. These distribution fee expenses may be payable in cash if the performance fees are subsequently earned on the performance fee valuation days.

### 28 Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Apart from those disclosed elsewhere in the condensed consolidated interim financial information, the Group has also entered into the following significant related-party transactions which, in the opinion of the directors, were carried out in the ordinary and usual course of the Group's business.

#### 28.1 Summary of transactions entered into during the ordinary course of business with related parties

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
Rental expenses paid by a subsidiary to an associate	159	159

#### 28.2 Key management compensation

Key management includes executive directors of the Company. The compensation to key management for employee services is as follows:

	Six months ended 30 June	
	2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
Salaries and other short-term employee benefits	7,697	8,936
Share-based compensation	10,088	1,256
Pension costs – mandatory provident fund scheme	36	31
<b>Total key management compensation</b>	<b>17,821</b>	<b>10,223</b>

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

**28 Related-party transactions (continued)****28.3 Investments in investment funds which are managed/advised by the Group**

The Group had investments in the following investment funds under its management or advisory and from which the Group earns fees from investment or advisory activities and fund distribution activities. These investment funds manage pools of assets from third party investors which are managed/advised by the Group and generate fees for the Group. The funds are financed through the issue of units/shares to investors.

	Fair value	
	30 June 2015 HK\$'000 Unaudited	31 December 2014 HK\$'000 Audited
Premium Asia Income Fund	16,644	15,882
Value China ETF	6,175	5,465
Value Gold ETF	128,749	132,588
Value Japan ETF	9,604	8,358
Value Korea ETF	8,985	8,520
Value Partners Asia Fund, LLC	350	294
Value Partners China A-Share Select Fund <sup>(a)</sup>	98	–
Value Partners China Greenchip Fund Limited <sup>(b)</sup>	174,689	159,211
Value Partners Classic Equity Fund <sup>(c), (d)</sup>	126,635	105,614
Value Partners Classic Fund <sup>(e)</sup>	105,084	88,332
Value Partners Concord China Dim Sum High Yield Bond Fund	–	3,201
Value Partners Concord Greater China Value Fund	10,119	–
Value Partners Concord Taiwan Home Run Fund <sup>(c)</sup>	5,333	29,528
Value Partners Credit Fund <sup>(f)</sup>	1	1
Value Partners Global Contrarian Fund <sup>(c)</sup>	19,588	19,691
Value Partners Greater China High Yield Income Fund <sup>(g)</sup>	20,434	19,968
Value Partners Health Care Fund	38,595	–
Value Partners Hedge Fund Limited <sup>(f)</sup>	2	2
Value Partners High-Dividend Stocks Fund <sup>(h)</sup>	323	301
Value Partners Intelligent Funds – China Convergence Fund <sup>(a)</sup>	89,064	72,288
Value Partners Intelligent Funds – Chinese Mainland Focus Fund	231,169	187,192
Value Partners Strategic Equity Fund <sup>(i)</sup>	481	491
Value Taiwan ETF	11,055	10,320
中信•金元惠理金融投資集合資金信託計劃	14,661	14,035
金海九號證券投資集合資金信託計劃	15,645	3,473
<b>Total investments in investment funds which are managed/advised by the Group</b>	<b>1,033,483</b>	<b>884,755</b>

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

### 28 Related-party transactions (continued)

#### 28.3 Investments in investment funds which are managed/advised by the Group (continued)

- (a) The units held were Class A units.
- (b) The shares held were redeemable Class A shares.
- (c) The Group has waived its voting rights in respect of its holdings.
- (d) The shares held were USD Class shares.
- (e) The units held were "C" units.
- (f) The shares held were management shares.
- (g) The shares held were management shares, Class P MDis shares and Class A MDis shares.
- (h) The units held were Class A2 MDis units.
- (i) The shares held were non-voting shares.

#### 28.4 Investments in an investment fund managed by a related company and receivable from a related company

As at 30 June 2015, the Group had investments in Malabar India Fund, LP amounted to HK\$23,651,000 (31 December 2014: HK\$23,175,000) which is managed by Malabar Investment LLC in which the Group had an interest of 6.62% (31 December 2014: 6.62%). The Group did not have amount receivable from Malabar Investment LLC as at 30 June 2015 (31 December 2014: Nil).

### 29 Cyclicity

Performance fee valuation days of investment funds and managed accounts under management are mostly concentrated in December of each financial year. Therefore, the recognition of performance fees for the Group may be subject to cyclical fluctuation.

## Other Information

### Directors' interests in shares, underlying shares and debentures

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which had required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange, were as follows:

#### (a) Long position in shares of the Company ("Shares")

Name of Director	Nature of interest	Number of Shares	Number of underlying Shares in which the Directors hold under the share option scheme <sup>(3)</sup>	Approximate percentage of issued Shares
Dato' CHEAH Cheng Hye	Founder of trust/beneficial <sup>(1)</sup>	403,730,484	–	21.86%
	Beneficial	57,470,828	56,620,000	6.17%
Ms. HUNG Yeuk Yan Renee	Founder of trust <sup>(2)</sup>	23,213,583	–	1.25%
	Beneficial	–	12,570,000	0.68%
Mr. SO Chun Ki Louis	Beneficial	19,865,723	18,490,000	2.07%
Mr. TSE Wai Ming, Timothy	Beneficial	700,000	5,690,000	0.34%
Dr. CHEN Shih-Ta Michael	Beneficial	–	500,000	0.02%
Mr. LEE Siang Chin	Beneficial	200,000	300,000	0.02%
Mr. Nobuo OYAMA	Beneficial	300,000	500,000	0.04%

Notes:

- (1) These Shares are directly held by Cheah Capital Management Limited ("CCML") which is wholly-owned by Cheah Company Limited ("CCL") which is in turn wholly-owned by BNP Paribas Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited as trustee for a discretionary trust, the discretionary objects of which include Dato' CHEAH Cheng Hye and certain members of his family.
- (2) These Shares are directly held by Bright Starlight Limited which is wholly-owned by Scenery Investments Limited which is in turn wholly-owned by East Asia International Trustees Limited, a company incorporated in the British Virgin Islands, as trustee for a discretionary trust, the discretionary objects of which include certain members of the family of Ms. HUNG Yeuk Yan Renee.
- (3) The number of underlying Shares in which the Directors hold under the share option scheme are detailed in "Share options" section below.

## Other Information

### (b) Interest in associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of shares	Approximate percentage of issued shares of the relevant associated corporation
Dato' CHEAH Cheng Hye	Value Partners Strategic Equity Fund	Beneficial	74,000 non-voting shares	0.49% of the total issued non-voting shares
Ms. HUNG Yeuk Yan Renee	Value Partners Strategic Equity Fund	Beneficial	10,000 non-voting shares	0.07% of the total issued non-voting shares
Mr. LEE Siang Chin	Value Partners Strategic Equity Fund	Corporate (Note)	50,000 non-voting shares	0.33% of the total issued non-voting shares

Note: These non-voting shares are directly held by Stenyng Holdings Limited, whose entire issued share capital is held by the spouse of Mr. LEE Siang Chin.

### (c) Share options

The Company adopted a share option scheme on 24 October 2007 (and as amended on 15 May 2008) (the "Scheme"). A summary of the movements of the outstanding share options during the six months ended 30 June 2015 are as follows:

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	As at 01/01/2015	Number of Share Options			As at 30/06/2015
					Granted	Exercised	Lapsed	
Dato' CHEAH Cheng Hye	17/06/2015 <sup>(3)</sup>	17/12/2015-16/12/2021	14.092	-	18,873,333	-	-	18,873,333
		17/12/2016-16/12/2021	14.092	-	18,873,333	-	-	18,873,333
		17/12/2017-16/12/2021	14.092	-	18,873,334	-	-	18,873,334
Ms. HUNG Yeuk Yan Renee	27/04/2009	27/10/2011-26/10/2015	2.436	3,200,000	-	(2,000,000)	-	1,200,000
		31/12/2013-06/12/2022	4.56	400,000	-	-	-	400,000
		07/12/2014-06/12/2022	4.56	400,000	-	-	-	400,000
		07/12/2015-06/12/2022	4.56	400,000	-	-	-	400,000
	12/05/2015	12/05/2018-11/11/2021	13.60	-	1,016,666	-	-	1,016,666
		12/05/2019-11/11/2021	13.60	-	1,016,666	-	-	1,016,666
		12/05/2020-11/11/2021	13.60	-	1,016,668	-	-	1,016,668
	17/06/2015	17/12/2015-16/12/2021	14.092	-	2,373,333	-	-	2,373,333
		17/12/2016-16/12/2021	14.092	-	2,373,333	-	-	2,373,333
17/12/2017-16/12/2021		14.092	-	2,373,334	-	-	2,373,334	

## Other Information

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	As at 01/01/ 2015	Number of Share Options			As at 30/06/ 2015
					Granted	Exercised	Lapsed	
Mr. SO Chun Ki Louis	27/04/2009	27/10/2011-26/10/2015	2.436	3,200,000	-	(3,200,000)	-	-
	23/06/2010	23/06/2011-22/12/2016	5.00	500,000	-	-	-	500,000
		23/06/2012-22/12/2016	5.00	500,000	-	-	-	500,000
		23/06/2013-22/12/2016	5.00	500,000	-	-	-	500,000
	07/12/2012	31/12/2013-06/12/2022	4.56	533,334	-	-	-	533,334
		07/12/2014-06/12/2022	4.56	533,333	-	-	-	533,333
		07/12/2015-06/12/2022	4.56	533,333	-	-	-	533,333
	12/05/2015	12/05/2018-11/11/2021	13.60	-	1,716,666	-	-	1,716,666
		12/05/2019-11/11/2021	13.60	-	1,716,666	-	-	1,716,666
		12/05/2020-11/11/2021	13.60	-	1,716,668	-	-	1,716,668
	17/06/2015	17/12/2015-16/12/2021	14.092	-	3,413,333	-	-	3,413,333
		17/12/2016-16/12/2021	14.092	-	3,413,333	-	-	3,413,333
17/12/2017-16/12/2021		14.092	-	3,413,334	-	-	3,413,334	
Mr. TSE Wai Ming, Timothy	23/06/2010	23/06/2012-22/12/2016	5.00	250,000	-	(250,000)	-	-
		23/06/2013-22/12/2016	5.00	250,000	-	(250,000)	-	-
	31/05/2012	31/12/2013-30/05/2022	3.94	666,667	-	(666,667)	-	-
		31/05/2014-30/05/2022	3.94	666,667	-	(666,667)	-	-
		31/05/2015-30/05/2022	3.94	666,666	-	(666,666)	-	-
	12/05/2015	12/05/2018-11/11/2021	13.60	-	1,290,000	-	-	1,290,000
		12/05/2019-11/11/2021	13.60	-	1,290,000	-	-	1,290,000
		12/05/2020-11/11/2021	13.60	-	1,290,000	-	-	1,290,000
	17/06/2015	17/12/2015-16/12/2021	14.092	-	606,666	-	-	606,666
		17/12/2016-16/12/2021	14.092	-	606,666	-	-	606,666
17/12/2017-16/12/2021		14.092	-	606,668	-	-	606,668	
Dr. CHEN Shih-Ta Michael	31/05/2012	31/12/2013-30/05/2022	3.94	66,667	-	-	-	66,667
		31/05/2014-30/05/2022	3.94	66,667	-	-	-	66,667
		31/05/2015-30/05/2022	3.94	66,666	-	-	-	66,666
	17/06/2015	17/12/2015-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2016-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2017-16/12/2021	14.092	-	100,000	-	-	100,000

## Other Information

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	As at 01/01/ 2015	Number of Share Options			As at 30/06/ 2015
					Granted	Exercised	Lapsed	
Mr. LEE Siang Chin	31/05/2012	31/12/2013-30/05/2022	3.94	66,667	-	(66,667)	-	-
		31/05/2014-30/05/2022	3.94	66,667	-	(66,667)	-	-
		31/05/2015-30/05/2022	3.94	66,666	-	(66,666)	-	-
	17/06/2015	17/12/2015-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2016-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2017-16/12/2021	14.092	-	100,000	-	-	100,000
Mr. Nobuo OYAMA	31/05/2012	31/12/2013-30/05/2022	3.94	66,667	-	-	-	66,667
		31/05/2014-30/05/2022	3.94	66,667	-	-	-	66,667
		31/05/2015-30/05/2022	3.94	66,666	-	-	-	66,666
	17/06/2015	17/12/2015-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2016-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2017-16/12/2021	14.092	-	100,000	-	-	100,000
Employees	23/06/2010	23/06/2011-22/12/2016	5.00	733,335	-	(283,334)	-	450,001
		23/06/2012-22/12/2016	5.00	866,669	-	(416,668)	-	450,001
		23/06/2013-22/12/2016	5.00	949,996	-	(499,998)	-	449,998
	31/05/2012	31/12/2013-30/05/2022	3.94	500,000	-	(500,000)	-	-
		31/05/2014-30/05/2022	3.94	500,000	-	-	-	500,000
		31/05/2015-30/05/2022	3.94	500,000	-	-	-	500,000
	31/05/2012	31/05/2013-30/05/2022	3.94	200,000	-	(100,000)	-	100,000
		31/05/2014-30/05/2022	3.94	200,000	-	(100,000)	-	100,000
		31/05/2015-30/05/2022	3.94	200,000	-	-	-	200,000
	07/12/2012	31/12/2013-06/12/2022	4.56	400,000	-	-	-	400,000
		07/12/2014-06/12/2022	4.56	400,000	-	-	-	400,000
		07/12/2015-06/12/2022	4.56	400,000	-	-	-	400,000
	12/05/2015	12/05/2018-11/11/2021	13.60	-	10,809,987	-	-	10,809,987
		12/05/2019-11/11/2021	13.60	-	10,809,987	-	-	10,809,987
		12/05/2020-11/11/2021	13.60	-	10,810,026	-	-	10,810,026
	17/06/2015	17/12/2015-16/12/2021	14.092	-	6,573,320	-	-	6,573,320
		17/12/2016-16/12/2021	14.092	-	6,573,320	-	-	6,573,320
		17/12/2017-16/12/2021	14.092	-	6,573,360	-	-	6,573,360
Total				19,650,000	140,920,000	(9,800,000)	-	150,770,000

## Other Information

### Notes:

- (1) The closing prices of the Shares immediately before the share options granted on 27 April 2009, 23 June 2010, 31 May 2012, 7 December 2012, 12 May 2015 and 17 June 2015 were HK\$2.20, HK\$5.00, HK\$3.90, HK\$4.54, HK\$13.68 and HK\$13.50 respectively.
- (2) No share option was cancelled during the period under review.
- (3) Out of a total of 56,620,000 share options, the grant of 54,800,000 share options to Dato' CHEAH was approved in the extraordinary general meeting of the Company held on 27 July 2015.
- (4) The weighted average closing price of the Shares immediately before the dates of exercise by Directors and employees was HK\$10.77.

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangement that enabled the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

All the options forfeited before expiry of the Scheme will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Scheme.

### Share Option Expenses

According to HKFRS 2, the fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. In addition, employee forfeiture rate is also considered in determining the amount of share option expenses.

Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse.

Since the Black-Scholes option pricing model requires input of highly subjective assumptions, any change in the subjective input assumptions may materially affect the estimation of the fair value of an option.

### Substantial Shareholders' Interests

As at 30 June 2015, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

## Other Information

### Long Position in the Shares under the SFO

Name	Nature of interest	Number of Shares	Approximate percentage of issued Shares
Ms. TO Hau Yin <sup>(1)</sup>	Spouse	517,821,312	28.04%
Mr. YEH V-Nee	Beneficial	300,159,324	16.25%
Mrs. YEH Mira <sup>(2)</sup>	Spouse	300,159,324	16.25%
Cheah Capital Management Limited <sup>(3)</sup>	Beneficial	403,730,484	21.86%
Cheah Company Limited <sup>(3)</sup>	Corporate	403,730,484	21.86%
BNP Paribas Jersey Nominee Company Limited <sup>(3)</sup>	Nominee	403,730,484	21.86%
BNP Paribas Jersey Trust Corporation Limited <sup>(3)</sup>	Trustee	403,730,484	21.86%
Affiliated Managers Group, Inc. <sup>(4)</sup>	Interest of controlled corporation	137,244,000	7.43%

Notes:

- (1) Ms. TO Hau Yin is the spouse of Dato' CHEAH Cheng Hye.
- (2) Mrs. YEH Mira is the spouse of Mr. YEH V-Nee.
- (3) Cheah Capital Management Limited ("CCML") is wholly-owned by Cheah Company Limited ("CCL") which in turn is wholly-owned by BNP Paribas Jersey Nominee Company Limited, a company incorporated in Jersey, Channel Islands, holding the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited as trustee for a discretionary trust, the discretionary objects of which include Dato' CHEAH Cheng Hye and certain members of his family. For the purposes of the SFO, Dato' CHEAH Cheng Hye is the founder of this trust. BNP Paribas Jersey Trust Corporation Limited is wholly-owned by TFS Trust & Fiduciary Services SA and the ultimate holding company is BNP Paribas SA.
- (4) These Shares are held by two wholly-owned subsidiaries of Affiliated Managers Group, Inc.

Save as aforesaid and as disclosed in the "Directors' Interests in Shares, Underlying Shares and Debentures" and "Substantial Shareholders' Interests" sections of this report, the Company has not been notified by any person who had interest or short position in the shares or underlying shares of the Company as at 30 June 2015 which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under the SFO.

### Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

### Foreign Exchange

Except for its Renminbi-denominated bank deposit and loan portfolio in China, which has a balance of around HK\$954.5 million as at 30 June 2015, the Group has no significant foreign currency exposure because the majority of receipts and payments as well as assets and liabilities are denominated in the Hong Kong dollar (the Company's functional and presentation currency) and the United States dollar, which is linked to the Hong Kong dollar.

## Other Information

### Human Resources

As at 30 June 2015, the Group employed a total of 175 staff (30 June 2014: 137) in Hong Kong and the research office in Shanghai, 8 staff (30 June 2014: 3) in Singapore, 25 staff (30 June 2014: 29) in Taiwan and 87 staff (30 June 2014: 58) in Chengdu. Competitive remuneration packages that take into account business performance, market practices and competitive market conditions are offered to employees in compensation for their contribution. In addition, share options are granted and discretionary bonuses are also given based on the Group's and individual staff's performances.

### 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 six months ended 30 June 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 unaudited interim results of the Group for the six months ended 30 June 2015.

### Independent Review of Interim Results

The unaudited interim results of the Group for the six months ended 30 June 2015 have been reviewed by the Company's Auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

### 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 throughout the six months ended 30 June 2015.

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

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 six months ended 30 June 2015.

## Other Information

### Publication of Interim Results and Interim Report on the Stock Exchange

The interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.valuepartners.com.hk](http://www.valuepartners.com.hk)). The interim report will be despatched to the 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**

**TSE Wai Ming, Timothy**, CFA

*Chief Executive Officer and Executive Director*

Hong Kong, 13 August 2015

**Value Partners Group Limited**  
**惠理集團有限公司**

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