惠 理 集 團
Value Partners Group

VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

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

(In HK$ million)	2011	2010	% Change
Total revenue	**688.9**	1,075.2	-35.9%
Gross management fees	**491.4**	343.8	+42.9%
Gross performance fees	**139.5**	708.5	-80.3%
Profit attributable to equity holders of the Company	**167.3**	653.2	-74.4%
Basic earnings per share (HK cents)	**9.5**	40.1	-76.3%
Diluted earnings per share (HK cents)	**9.5**	39.9	-76.2%
Interim dividend per share	**Nil**	Nil	
Final dividend per share (HK cents)	**5.8**	16.0	-63.8%

FINAL RESULTS

The Board of Directors (the "Board") of Value Partners Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with respective comparative figures. The following financial information, including the comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Income			
Fee income	2	**688,936**	1,075,209
Distribution and advisory fee expenses		**(166,940)**	(101,574)
Net fee income		**521,996**	973,635
Other income		**24,760**	9,752
Total net income		**546,756**	983,387
Expenses			
Compensation and benefit expenses	3	**(181,992)**	(276,459)
Operating lease rentals		**(11,965)**	(7,322)
Other expenses	4	**(59,168)**	(35,563)
Total expenses		**(253,125)**	(319,344)
Changes in fair value of investment properties		**18,694**	–
Net (losses)/gains on investments		**(114,123)**	91,892
Others		**11,400**	3,546
Other (losses)/gains – net	5	**(84,029)**	95,438
Operating profit		**209,602**	759,481
Share of loss of an associate		**(185)**	(86)
Share of loss of a joint venture		**(2,345)**	(2,500)
Profit before tax		**207,072**	756,895
Tax expense	6	**(42,300)**	(103,723)
Profit for the year		**164,772**	653,172
Other comprehensive (loss)/income for the year			
Fair value (losses)/gains on available-for-sale financial assets		**(4,205)**	1,391
Foreign exchange translation reserve		**(664)**	–
Other comprehensive (loss)/income for the year		**(4,869)**	1,391
Total comprehensive income for the year		**159,903**	654,563
Profit attributable to			
Equity holders of the Company		**167,299**	653,172
Non-controlling interests		**(2,527)**	–
		164,772	653,172
Total comprehensive income for the year attributable to			
Equity holders of the Company		**163,403**	654,563
Non-controlling interests		**(3,500)**	–
		159,903	654,563
Earnings per share for profit attributable to equity holders of the Company (HK cents per share)			
– basic	7	**9.5**	40.1
– diluted	7	**9.5**	39.9
Dividends (HK$'000)	8	**101,802**	280,351

CONSOLIDATED BALANCE SHEET
As at 31 December 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Property, plant and equipment		**8,129**	7,951
Intangible assets		**52,670**	1,583
Investment properties		**78,000**	58,743
Investment in an associate		**–**	710
Interest in a joint venture		**–**	6,484
Deferred tax assets		**328**	–
Investments	9	**959,556**	660,113
Other assets		**1,977**	1,847
Restricted bank balances		**11,552**	–
		1,112,212	737,431
Current assets			
Investments	9	**21,081**	164,920
Fees receivable	10	**61,427**	654,294
Prepayments and other receivables		**37,362**	16,886
Cash and cash equivalents	11	**1,315,348**	1,218,561
		1,435,218	2,054,661
Current liabilities			
Accrued bonus		**69,501**	190,184
Distribution fee expenses payable	12	**23,933**	33,964
Other payables and accrued expenses		**21,197**	76,479
Current tax liabilities		**8,785**	73,499
		123,416	374,126
Net current assets		**1,311,802**	1,680,535
Total assets less current liabilities		**2,424,014**	2,417,966
Non-current liabilities			
Deferred tax liabilities		**–**	32
Net assets		**2,424,014**	2,417,934
Equity			
Capital and reserves attributable to equity holders of the Company			
Issued equity	13	**889,213**	866,717
Other reserves		**153,671**	150,169
Retained earnings			
– proposed dividends	8	**101,802**	280,351
– others		**1,185,198**	1,120,697
		2,329,884	2,417,934
Non-controlling interests		**94,130**	–
Total equity		**2,424,014**	2,417,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

New standard adopted by the Group:
- HKAS 24 (Revised) "Related Party Disclosures" (effective from 1 January 2011)

Amendment issued that is not yet mandatorily effective but has been early adopted by the Group:
- HKAS 12 (Amendment) "Deferred Tax: Recovery of Underlying Assets" (effective from 1 January 2012)

New standards, amendments and interpretations issued but are not yet effective for the financial year beginning 1 January 2011 and have not been early adopted:
- HKFRS 9 "Financial Instruments" (effective from 1 January 2015)
- HKFRS 10 "Consolidated Financial Statements" (effective from 1 January 2013)
- HKFRS 12 "Disclosures of Interests in Other Entities" (effective from 1 January 2013)
- HKFRS 13 "Fair Value Measurement" (effective from 1 January 2013)

2. FEE INCOME

Turnover and revenue consist of fees from investment management activities and fund distribution activities. Fee income recognized is as follows:

	2011	2010
	HK$'000	*HK$'000*
Fee income		
Management fees	**491,433**	343,803
Performance fees	**139,532**	708,493
Front-end fees	**57,214**	22,573
Back-end fees	**757**	340
Total fee income	**688,936**	1,075,209

3. COMPENSATION AND BENEFIT EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Management bonus	**69,501**	190,184
Salaries, wages and other benefits	**102,626**	76,088
Share-based compensation	**8,499**	9,147
Pension costs – mandatory provident fund scheme	**1,366**	1,040
Total compensation and benefit expenses	**181,992**	276,459

4. OTHER EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Travelling expenses	**9,201**	4,847
Research expenses	**8,446**	6,595
Marketing expenses	**8,305**	3,658
Legal and professional fees	**6,244**	2,434
Depreciation and amortisation	**4,513**	3,465
Recruitment expenses	**4,165**	1,189
Office expenses	**3,648**	3,774
Donations	**3,000**	1,138
Insurance expenses	**2,901**	2,887
Auditor's remuneration	**2,819**	2,559
Registration and licensing fees	**1,847**	1,251
Entertainment expenses	**1,223**	827
Others	**2,856**	939
Total other expenses	**59,168**	35,563

5. OTHER (LOSSES)/GAINS – NET

	2011	2010
	HK$'000	*HK$'000*
Changes in fair value of investment properties	**18,694**	–
Gains on financial assets at fair value through profit or loss	**26,171**	93,975
Losses on financial assets at fair value through profit or loss	**(140,294)**	(2,083)
Gain on remeasuring previously held interest in a joint venture at fair value upon further acquisition as a subsidiary	**27,021**	–
Impairment loss on goodwill	**(27,414)**	–
Gains on disposal of property, plant and equipment	**48**	–
Loss on disposal of an associate	**(24)**	–
Net foreign exchange gains	**11,769**	3,546
Total other (losses)/gains – net	**(84,029)**	95,438

6. TAX EXPENSE

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

Hong Kong profits tax has been provided on the estimated assessable profit for the year ended 31 December 2011 at the rate of 16.5% (2010: 16.5%).

	2011	2010
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**42,067**	102,184
Overseas tax	**1,356**	552
Adjustments in respect of prior years	**(854)**	338
Total current tax	**42,569**	103,074
Deferred tax		
Origination and reversal of temporary differences	**(269)**	649
Total tax expense	**42,300**	103,723

7. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the profit attributable to equity holders of the Company of HK$167,299,000 (2010: HK$653,172,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,755,785,000 (2010: 1,627,819,000). The diluted earnings per share is calculated by adjusting the weighted average number of shares in issue during the period of 1,755,785,000 (2010:1,627,819,000) by 10,082,000 (2010: 9,079,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

8. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Proposed final dividend of HK5.8 cents (2010: HK16.0 cents) per ordinary share	**101,802**	280,351

The directors recommend payment of a final dividend of HK5.8 cents per ordinary share. The estimated total final dividends, based on the number of shares outstanding as at 31 December 2011, are HK$101,802,000. Such dividends are to be approved by the shareholders at the Annual General Meeting of the Company on 26 April 2012 and have not been recognized as a liability at the balance sheet date.

9. INVESTMENTS

Investments include the following:

	Financial assets at fair value through profit or loss		**Held-to-maturity financial assets**		**Available-for-sale financial assets**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Listed securities (by place of listing)								
Debt securities – Hong Kong	**–**	–	**2,458**	–	**–**	–	**2,458**	–
Debt securities – Singapore	**–**	–	**58,630**	–	**–**	–	**58,630**	–
Investment funds – Hong Kong	**196,599**	284,865	**–**	–	**–**	–	**196,599**	284,865
Investment funds – Singapore	**–**	7,572	**–**	–	**–**	–	**–**	7,572
Market value of listed securities	**196,599**	292,437	**61,088**	–	**–**	–	**257,687**	292,437
Unlisted securities (by place of incorporation/establishment)								
Debt securities – China	**–**	–	**85,107**	–	**–**	–	**85,107**	–
Equity securities – Singapore	**–**	–	**–**	–	**1,187**	1,923	**1,187**	1,923
Investment funds – Cayman Islands	**571,424**	477,520	**–**	–	**–**	–	**571,424**	477,520
Investment funds – Luxembourg	**5,873**	7,435	**–**	–	**–**	–	**5,873**	7,435
Investment funds – Taiwan	**22,908**	–	**–**	–	**–**	–	**22,908**	–
Investment funds – United States	**25,371**	31,382	**–**	–	**10,867**	14,336	**36,238**	45,718
Fair value of unlisted securities	**625,576**	516,337	**85,107**	–	**12,054**	16,259	**722,737**	532,596
Derivative financial instruments								
Currency option contract	**213**	–	**–**	–	**–**	–	**213**	–
Total investments	**822,388**	808,774	**146,195**	–	**12,054**	16,259	**980,637**	825,033
Representing:								
Non-current	**801,307**	643,854	**146,195**	–	**12,054**	16,259	**959,556**	660,113
Current	**21,081**	164,920	**–**	–	**–**	–	**21,081**	164,920
Total investments	**822,388**	808,774	**146,195**	–	**12,054**	16,259	**980,637**	825,033

10. FEES RECEIVABLE

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

	2011	2010
	HK$'000	*HK$'000*
Fees receivable that were past due but not impaired		
1 – 30 days	**1,421**	2,469
31 – 60 days	**455**	1,267
61 – 90 days	**–**	2,559
Over 90 days	**–**	2,297
	1,876	8,592
Fees receivable that were within credit period	**59,551**	645,702
Total fees receivable	**61,427**	654,294

11. CASH AND CASH EQUIVALENTS

	2011	2010
	HK$'000	*HK$'000*
Cash at bank and in hand	**1,266,858**	705,569
Short-term bank deposits	**47,505**	474,641
Deposits with brokers	**985**	38,351
Total cash and cash equivalents	**1,315,348**	1,218,561

12. 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 fees payable is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**23,070**	32,661
31 – 60 days	**327**	665
61 – 90 days	**151**	384
Over 90 days	**385**	254
Total distribution fee expenses payable	**23,933**	33,964

13. ISSUED EQUITY

	Number of shares	**Issued equity**
		HK$'000
As at 1 January 2010	1,600,000,000	53,767
Share issued upon exercise of share options	12,192,981	37,648
Shares issued, net of issuing expenses	140,000,000	775,302
As at 31 December 2010	1,752,192,981	866,717
As at 1 January 2011	**1,752,192,981**	**866,717**
Share issued upon exercise of share options	**5,410,819**	**29,759**
Repurchase of issued ordinary shares	**(2,401,000)**	**(7,263)**
As at 31 December 2011	**1,755,202,800**	**889,213**

CHAIRMAN'S STATEMENT

Despite the troubles facing the financial services industry, Value Partners Group remains a steady ship. The business is profitable, our funds continues to pile on the performance awards and the Group is on track in building up its brand, resources and market position, as reflected in a strongly positive inflow of subscriptions in 2011.

Profit attributable to equity holders of the Company did fall sharply in 2011, down to HK$167.3 million (basic earnings per share: HK9.5 cents) compared with HK$653.2 million the previous year. The fall was caused by a big decline in "performance fees" earned from our core fund management business, and also by "mark-to-market" losses recorded for our proprietary investments, a large part of which is invested side-by-side with clients in Value Partners funds. The setback we see is the result of the collapse in global stockmarkets in the second half of 2011.

We are pleased to propose a dividend for 2011 of HK5.8 cents per share.

Fundamental strength

Markets don't rise every year, of course, so 2011 is an example of a bad year where Value Partners was put through a stress test. That we stayed profitable in 2011, and could still pay a bonus to employees and a dividend to shareholders, while avoiding lay-offs, showed a fundamental underlying strength. With a reputation for consistently high-quality asset management, a long performance record going back to the firm's founding in 1993, and a well developed infrastructure of support services, the Group is able to attract and hold a huge base of assets under management, which provides steady revenues even during difficult periods, in the form of a relatively small but reliable management-fee income.

During the good years, in addition to the management-fee income, we can expect huge contributions from performance fees and "mark-to-market" gains from proprietary investments, giving Value Partners a powerful profit potential, which is why Value Partners' stock is sometimes described as a "high-beta" play on the outlook for Asia-Pacific stockmarkets, particularly those related to China. As a strong believer in the China story, our view is that the good years will outnumber the bad ones, providing Value Partners with a strong future. The key is to avoid losses during bad years, and indeed Value Partners has turned a profit every year since 1993, with the one exception of 1999 when an insignificant loss of HK$261,000 was recorded in the aftermath of the Asian Financial Crisis. Furthermore, going forward, the outlook for enlarging the asset base is excellent, as the Asia-Pacific region's savings and demographic profile is conducive for the rapid expansion of the region's asset-management industry.

The difficulties of 2011 can be illustrated by the performance of our flagship Value Partners Classic Fund, which recorded a fall of 17.2% (net) during the year[1]. For reference, the Morningstar Greater China Equity Fund Category on average fell by 22.2% in 2011[2].

As a value-investor, we tend to focus on longer term performance, and this remained excellent. Since inception 19 years ago, Value Partners Classic Fund has made a profit in 14 of the 19 years, with a return averaging a net 16.9% per annum[1] compounded as of 31 December 2011. For reference, the Hang Seng and MSCI China indices recorded annualized returns of 7.1% and minus 1.5%, respectively.

In 2012, the prospects for China-related investing are improved. Since late last year, Beijing has become less concerned about fighting inflation and more concerned about encouraging economic growth, so we expect to see various government measures to boost the economy and the stockmarket. Those forecasting a "hard landing" for the Chinese economy face being wrong again, and our outlook is for 7.5% to 8.5% economic growth in 2012, an acceptable slowdown from 2011's estimated 9.2%. On the Chinese mainland, about 100 million individuals own stocks, with some having invested their life savings, and the government faces pressure from these investors to stabilize the stockmarket, which has been a poor performer for the past two years.

Corporate growth

This statement is accompanied by a report (see page 10) from the Chief Executive Officer (CEO), discussing the situation for Value Partners Group in greater detail. Here, I would highlight a few points:

- Rapid growth of our exchange-traded fund (ETF) business, through our wholly owned subsidiary, Sensible Asset Management; this business includes two top-performing ETFs[2] listed on the Hong Kong Stock Exchange, namely the "Value Gold ETF" (stock code 3081) and "Value China ETF" (stock code 3046);

- Strong progress in our efforts to expand our business activities on the Chinese mainland including the establishment of the first Sino-foreign joint venture fund management company with stake held by a Hong Kong-headquartered fund house;

- Our expansion into Taiwan's domestic asset-management industry, currently with a 60% shareholding in Value Partners Concord Asset Management, a licensed fund management firm in Taiwan;

- And further industry recognition in the form of various new awards, including a special "Long-Term Performance Award (10 years)" from AsiaHedge Awards 2011 for our flagship Value Partners Classic Fund[1,3].

As of the date of this writing, Value Partners Group has collected a total of more than 70 performance awards and prizes – from independent ratings agencies; publications and surveys; and professional associations – in a continuous flow throughout our history of 19 years. Four of our funds enjoy the highest rating of 5 stars from Morningstar, while two other of our funds have a 4-star rating[4].

Finally, we again express our deepest gratitude and appreciation to clients, employees and shareholders.

CHEAH Cheng Hye
Chairman and Co-Chief Investment Officer

1 *Performance refers to that of Value Partners Classic Fund (A Units). Performance of Value Partners Classic Fund (A Units) over past five years: 2007: +41.1%; 2008: -47.9%; 2009: +82.9%; 2010: +20.2%; 2011: -17.2%. Performance figures are calculated in US dollars on NAV to NAV, with dividends reinvested. Performance data is net of all fees.*

2 *Morningstar data as of year-end 2011. Performance figures are calculated in US dollars on NAV to NAV, with dividends reinvested. Performance data is net of all fees.*

3 *Value Partners Classic Fund is not authorized as a hedge fund by the Securities and Futures Commission ("SFC") in Hong Kong according to the Code on Unit Trusts and Mutual Funds. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

4 *As of 29 February 2012. More details are available in the Report of the Chief Executive Officer.*

REPORT OF THE CHIEF EXECUTIVE OFFICER

Riding against the wind

The global financial markets experienced a difficult year in 2011. Whilst the first half of 2011 was clouded by anxiety over sovereign debts, the Euro crisis deepened and markets turned worse in the second half. The Hang Seng and MSCI China indices fell by 17.4% and 18.4%, respectively, in 2011.

In the first half of 2011, we continued to see strong inflow to our funds. As the markets dipped in the second half, fund inflow started to slow and redemptions increased. For the whole year, notwithstanding the volatile market, we managed to achieve net inflow of US$847 million, compared to US$1,267 million in 2010.

The Group's average assets under management ("AUM") increased by 30.9% from US$6,219 million a year earlier to US$8,142 million this year, and gross management fees rose to HK$491.4 million from HK$343.8 million in the previous year. Gross performance fees, however, declined to HK$139.5 million, representing an 80.3% decrease compared to the HK$708.5 million recorded in the previous year, as the markets plummeted in the second half. The Group's total revenue decreased by 35.9% to HK$688.9 million for the year ended 31 December 2011, compared to HK$1,075.2 million recorded one year earlier. Our total expenses of HK$253.1 million were lower than total expenses of HK$319.3 million in 2010.

Profit attributable to equity holders of the Company came to HK$167.3 million, down from HK$653.2 million in 2010, due primarily to the decline in the gross performance fees of HK$569.0 million and to other losses of HK$84.0 million, compared to other gains of HK$95.4 million in the previous year. Other losses mainly comprised net fair value losses in our fund investments and other short term investments.

Turning of the tides

The Group's AUM totaled US$7,154 million as of 31 December 2011, compared to US$7,937 million a year earlier, representing a 9.9% decrease. Whilst the negative fund returns generated a decrease of US$1,630 million, net fund inflow contributed US$847 million to the AUM.

Net subscriptions of US$847 million, albeit lower than last year's, were the second highest in the Group's operating history, notwithstanding that the market plummeted in the second half. This reflected investors' confidence in our strong track record in value investing, and in our well respected brand and reputation.

In the beginning of 2011, we started strongly building on the momentum of fund inflow that originated in the second half of 2010. Net fund inflow of US$901 million (HK$7.0 billion) in the first half was comparable to the record inflow of US$948 million (HK$7.4 billion) in the second half of 2010. A majority of the net inflow added to our own branded funds.

In the second half, fund inflow started to slow and redemptions increased, as market sentiment turned negative. The net redemptions of US$54 million from our funds for the second half were, however, relatively modest.

In the first half, there was strong momentum in our institutional business, particularly with more inflow from institutional investors such as large corporate pensions in the United States. Also, much effort has been put into expanding relationships with private banks in the region and results have been very encouraging. On the retail front, we sustained our leading market position with retail investors in Hong Kong and continued our expansion of distribution channels.

On our sales and marketing efforts, we focused on building the AUM of our current offerings in premium, actively managed products. During the year, we only launched two new funds: a new white label fixed income fund for the Australian market and a hedge fund managed account product which is marketed by our partner globally[1].

Increasing commitment to the ETF business

In July 2011, we acquired from Ping An Insurance of China the other 50% stake in Sensible Asset Management Hong Kong Limited ("SAMHK"), manager of our ETF products. After the transaction, the Group owns the entire share capital of SAMHK. This acquisition reflected the Group's confidence in and commitment to growing our ETF business in Asia. As the Asian fund management markets continue to grow and Asian investors gain more understanding of investing in ETFs, we believe our ETF business offers significant growth potential to the Group.

Total AUM of our ETF business was US$162 million as of 31 December 2011, representing an increase of 55.8% over the balance of US$104 million as of 31 December 2010. Of our two ETF offerings, Value Gold ETF enjoyed a significant growth of its AUM from US$56 million as of 31 December 2010 to US$136 million as of 31 December 2011, representing an increase of 142.9%, the highest growth rate amongst all ETFs listed on the Hong Kong Stock Exchange. Value Gold ETF also recorded a gain of 11.1% for the year and was one of the top performing Hong Kong listed ETFs in 2011 *(source: Bloomberg)*[2].

Going forward, we plan to launch more ETF products that are innovative and leverage Value Partners' value investing principles and experience.

Recognition and awards

The achievements of our investment team in delivering superior performance for our funds have continued to gain recognition from industry media and fund rating agencies. We have received many accolades, including the CIO of the Year in Asia award for our Co-CIOs Mr. Cheah Cheng Hye and Mr. Louis So from Asia Asset Management. Of our six authorized[3] own-branded funds in Hong Kong, four funds are ranked five stars by Morningstar – the highest ranking awarded by the rating agency – and two are ranked four stars[v].

In its 2011 Asia Hedge Fund 25, Institutional Investor magazine announced that Value Partners was ranked the No. 1 hedge fund manager in Asia for the second consecutive year and, in its top Global Hedge Fund 100, we took the 58th spot of the top global 100 fund management firms, up from 79th in 2010.

Below is a list of the awards and rankings received since 2011 up to the release of this report.

Organizers	Awards	Winners
Asia Asset Management[^]	Best of the Best Awards 2011	
	• CIO of the Year in Asia	Mr. Cheah Cheng Hye and Mr. Louis So
	• Best of the Best Performance Award – Greater China Region – 3 Years category	Value Partners China Greenchip Fund Limited
	• Best Performing Small ETF	Value Gold ETF
AsiaHedge Awards 2011*	Long-Term Performance Award (10 years)	Value Partners Classic Fund
Benchmark Magazine[#]	Top 100 Funds of the Year 2011 – Greater China Equity – Outstanding Achiever	Value Partners Classic Fund
Institutional Investor	2011 – Asia Hedge Fund 25	Value Partners was ranked No.1 in 2011 Asia Hedge Fund 25
	2011 – Hedge Fund 100	Value Partners was ranked as Asia's largest hedge fund manager, and 58th worldwide
Lipper	Lipper Fund Awards 2011[@] – Hong Kong Best Equity Group – 3 Years	Value Partners
	Lipper Fund Awards 2011[@] – Hong Kong Best Equity Greater China Fund – 3 Years	Value Partners China Greenchip Fund Limited
Morningstar	Morningstar 2010 Fund Awards (Hong Kong) – Best Greater China Equity Fund	China Convergence Fund
	5-star rating[v]	Value Partners Classic Fund A Units
	5-star rating[v]	China Convergence Fund
	5-star rating[v]	Chinese Mainland Focus Fund
	5-star rating[v]	Value Partners High-Dividend Stocks Fund
	4-star rating[v]	Value Partners China Greenchip Fund Limited
	4-star rating[v]	Value Partners Taiwan Fund
Thomson Reuters Extel Asia Pacific Survey 2010	Best Overall Fund Management Firm – Asia	Value Partners was recognized as one of the top-three fund management companies
	Buyside Individuals – General Equities/Strategy	2nd Place – Mr. Eric Chow (Senior Fund Manager) 3rd Place – Ms. Ada Lau (Senior Fund Manager)
	Leading Buyside Individuals – Asia	3rd Place – Mr. Eric Chow (Senior Fund Manager)

^ *Judging for the 2011 Best of the Best Awards involved the submission of nomination forms to Asia Asset Management judges, on or before 19 December 2011. Funds are judged based on their annual performance, ending respectively on 30 September 2011. Judging criteria for the China Greenchip Fund's performance was dependent on the nominated fund's fund size, performance against its peers, 3-year return, and monthly and year-to-date. Judging criteria for Value Gold ETF was dependent on the nominated ETF (with under US$50 million in AUM) in terms of its performance over the last year as well as its capabilities and achievements.*

* *Value Partners Classic Fund is not authorized as a hedge fund by the Securities and Futures Commission ("SFC") in Hong Kong according to the Code on Unit Trusts and Mutual Funds. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

The top 100 funds were selected based on fund size, track record, Morningstar's Star rating and one-year absolute ranking as of end of October 2011.

@ *Based on data as of year-end 2010.*

v *Star ratings as of 29 February 2012.*

Greater China platform making strides

In March 2012, we announced our acquisition of a 49% stake in KBC Goldstate Fund Management Company Limited, a licensed mutual fund management company headquartered in Shanghai, which is to be renamed as Value Partners Goldstate Fund Management Company Limited ("VP Goldstate"). Following completion, this will represent the first Sino-foreign joint venture mutual fund management company with a 49% stake, the maximum shareholding for non-mainland shareholders permissible under China regulations, that has been acquired by a Hong Kong headquartered fund management firm. Goldstate Securities, a licensed securities firm headquartered in Shenzhen, owns the remaining 51%.

As of 31 December 2011, China's mutual fund industry had a total of 69 fund management firms and AUM of RMB2.19 trillion (approximately US$346.4 billion) according to the Securities Association of China. The ratio of mutual fund assets to GDP is relatively low in China when compared to more developed countries. Coupled with the expected growth in household wealth and retirement pensions, we believe that the growth potential of the mainland's fund management market is huge, despite the recent sluggish market conditions due to the poor A share market performance.

As of 31 December 2011, VP Goldstate had total AUM of RMB970 million (US$153 million), as it suffered fund outflow in the last couple of years. Prior to our acquisition, VP Goldstate had already installed new leadership to its management team with fund management professionals possessing over 10 years' experience in the mainland fund industry. As a pioneer in value investing in Greater China, Value Partners' investment teams in Hong Kong and Shanghai will work closely with VP Goldstate to share knowledge of and experience in investing in the A share market. We will also assist VP Goldstate to strengthen its compliance and risk management, and devise a more performance-based remuneration system.

In 2011, we completed the acquisition of a 55.46% stake in Value Partners Concord Asset Management Company Limited ("VP Concord"), a licensed fund management firm in Taiwan, and subsequently increased our stake to slightly over 60%. Concord Securities Co., Ltd., a listed securities firm in Taiwan, owns a 25% stake in the company, with the balance owned by several individual investors.

Currently VP Concord manages one publicly offered Taiwan domiciled fund with AUM of about US$7 million. We have already installed new leadership and strengthened the management team of VP Concord, which plans to launch new funds in the domestic market in 2012. We are positive about the growth prospect of Taiwan's economy and fund management market, and we are committed to developing our new subsidiary into a premier fund management firm in Taiwan.

Following these acquisitions, we believe Value Partners will become the only fund management group headquartered in Greater China that has licensed fund management firms in mainland China, Taiwan and Hong Kong managing both public and private funds. This platform gives us great access to the Greater China markets, which we believe will help us on our way to develop into an Asia-based world-class fund management group and profit from the economic growth and wealth accumulation in the region.

In addition, we have set up a joint venture private equity fund management company in Kunming, Yunnan, and built a team of eight professionals. As the only on-the-ground private equity investment team in Kunming controlled by a non-mainland fund management group, we are well-positioned to invest in companies with potential to capture the anticipated high economic growth in Western China. The "Twelfth Five-Year Plan" (2011-2015) of the central government accords strategic priority to the development of the Western China region and pledges to provide favorable policies. We are targeting to launch the first private equity funds under this joint venture in 2012.

Value Partners Center for Investing

Value Partners Center for Investing, our corporate social responsibility initiative with the Hong Kong University of Science and Technology ("HKUST") Business School, came into full operation in September 2011. The objectives of the Center are to foster academic research in investing and provide courses and training to students who plan to develop their future career in fund management. As one of the largest home grown fund management firms in Hong Kong, we hope this initiative will build a talent pool for Hong Kong's asset management industry. We have pledged up to HK$10.0 million as donation over a period of 5 years to support the operation of the Center.

In addition to providing training and investment courses for both undergraduate and postgraduate students, the Center has established a Student Managed Fund, which is managed by HKUST students as analysts and investment managers under the supervision of HKUST faculty members. As part of our on-going initiative to support the Center in academic research related to investing, we also sponsor the Center to develop a series of White Papers to share their research on value investing and Greater China investment. The first paper studied "Profitability of the Value Investing Strategy in the Hong Kong Stock Market" and was released in January 2012.

Striding ahead, staying alert

As the sovereign debt crisis lingers on, we expect that the global financial markets will remain very volatile in 2012. We are, however, positive that the fundamentals of the Chinese economy remain healthy and selected monetary easing measures will be implemented this year.

Given this uncertain market environment, we will continue to manage our business prudently and cut down our operating costs further through tightening expenses and improving productivity. Following the acquisition of two fund management firms in mainland China and Taiwan, we will focus on integrating our Greater China businesses and also assisting them in business development and operational enhancement.

As a value investor, we are dedicated to delivering superior investment return to our investors and have continued to strengthen our investment and research capabilities. Following the two acquisitions, we will have an investment team of 56 professionals (15 from VP Goldstate) to become one of the largest investment teams in Greater China focusing on the region, which will further enhance our capabilities in bottom-up, on-the-ground research.

In terms of sales and marketing, we will focus on delivering superior customer services to existing clients and further expanding our distribution network and institutional investor base. In particular, we will explore new overseas markets that have been less impacted by the recent market turmoil. On product development, in addition to new private equity funds and ETFs as mentioned above, we plan to roll out more fixed income products that we believe will be relatively better received in the current volatile market.

Appreciation

Finally, we would like to express our heartfelt gratitude to our team for their unwavering dedication and efforts. We also extend our appreciation to our investors, business partners and shareholders for their support.

CHAN Sheung Lai, Jimmy
Chief Executive Officer
Executive Director

[1] *The white label fixed income fund and hedge fund managed account product are not authorized by the SFC and are not available to the public generally in Hong Kong.*

[2] *Annual returns of Value Gold ETF since launch on 3 November 2010: 2010 (since launch): +6.4%; 2011: +11.1%; 2012 (YTD as of 31 January 2012): +10.2%. Performance figures are calculated in in HKD, NAV to NAV, with dividends reinvested. Performance data is net of all fees.*

[3] *SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

FINANCIAL REVIEW

In 2011, Value Partners Group managed to maintain sound financial health and profitability in a year generally difficult for asset managers worldwide. Despite the challenging global capital market environment with enormous uncertainties and volatilities, the Group continued to see strong net inflows of funds. The Group's balance sheet and liquidity remained strong, which prepares the Group for further business development in its strategic markets in the region.

As of 31 December 2011, the Group's AUM stood at US$7.2 billion, recording a net decrease of 9.9% from a year ago (2010: US$7.9 billion). The Group's revenue declined by 35.9% to HK$688.9 million for the year (2010: HK$1,075.2 million). Profit attributable to equity holders of the Company for the year was HK$167.3 million, marking a 74.4% decrease from last year (2010: HK$653.2 million). The drop in net profit was primarily due to a reduction in performance fees and a mark-to-market loss on our fund investments.

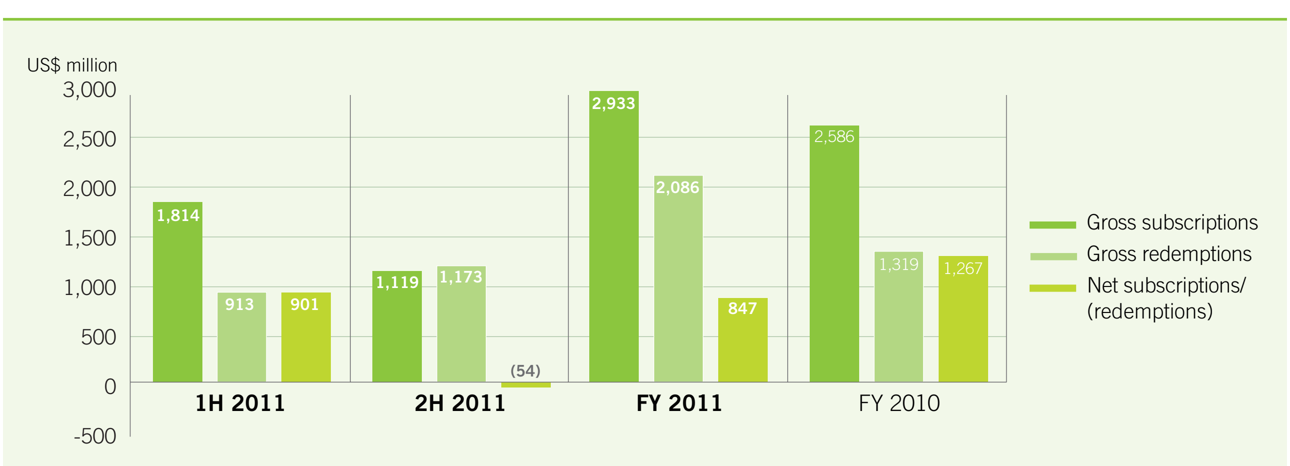
Assets Under Management

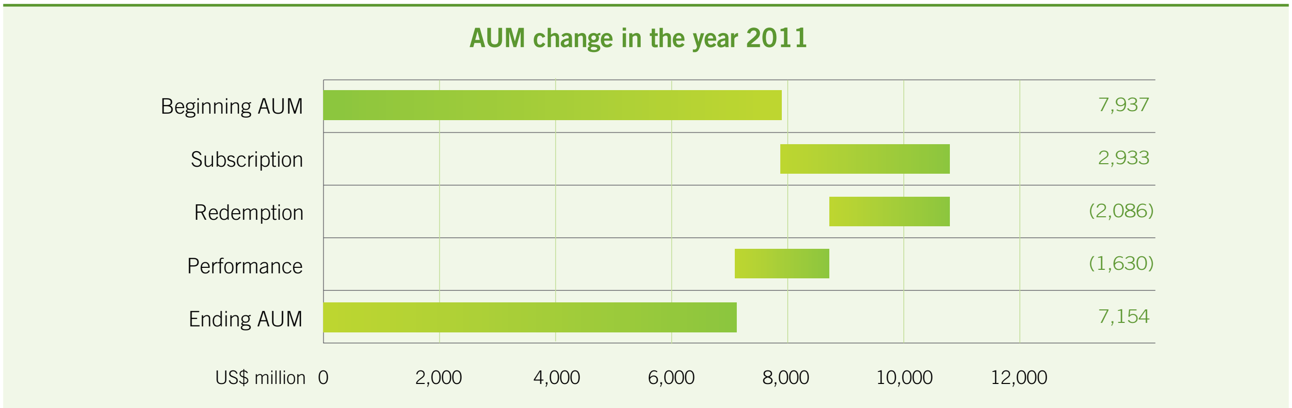
AUM and return

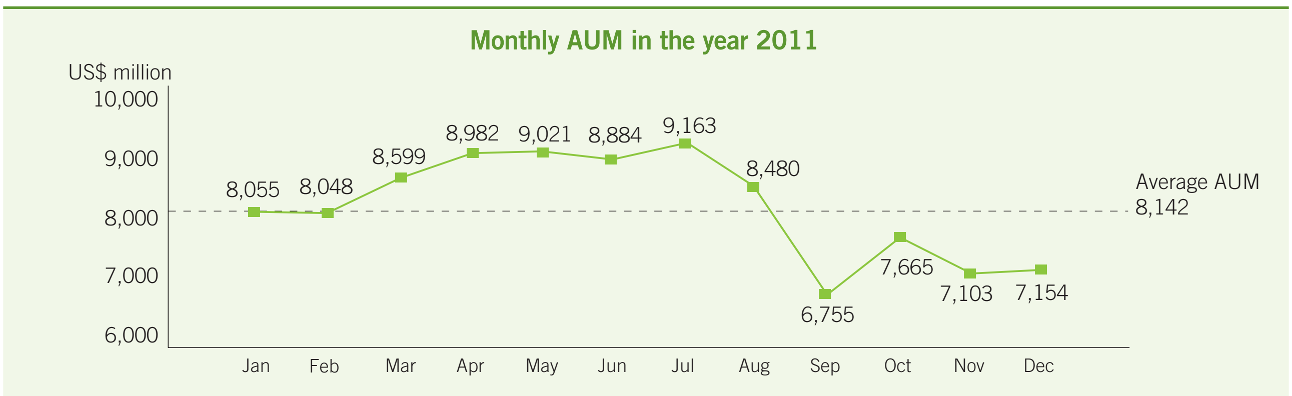
Looking at the Group's AUM more closely, it amounted to US$7,154 million at year-end 2011. The 9.9% decline mentioned was largely a result of a decline in fund performance due to the weakness in global stock markets in the second half of the year, when most of our funds recorded negative returns. Such negative returns, accounting for a US$1,630 million decrease in AUM, offset the net inflows of US$847 million for the year. For reference, the unaudited AUM as of 31 January 2012 were approximately US$7.7 billion.

Our overall fund performance, as calculated in asset-weighted average return of funds under management, retreated 18.0% in the year; for reference, losses of 17.4% and 18.4% were recorded by the Hang Seng Index and MSCI China Index, respectively. Our flagship Value Partners Classic Fund[1] dropped 17.2% in the year.

Although gross subscriptions in the second half of 2011 (US$1,119 million) were fewer than in the first half (US$1,814 million), the annual total of US$2,933 million was higher than in the previous year (2010: US$2,586 million). Meanwhile, gross redemptions in the second half of 2011 (US$1,173 million) increased from the first half (US$913 million), bringing the full year total to US$2,086 million (2010: US$1,319 million). Considering the challenging market situation, the net outflows of client funds during the second half of 2011 were relatively limited at only US$54 million. For the year, net subscriptions amounted to US$847 million (2010: US$1,267 million).



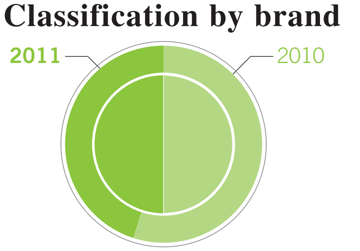




AUM by category

The charts below provide an analysis of the Group's AUM as of 31 December 2011 by three different classifications: brand, strategy and fund type. For the year, we saw higher fund inflow from the distribution channels into our Own Branded Funds such as our flagship Value Partners Classic Fund. As a result, our Own Branded Funds accounted for 55% of our total AUM at year-end (2010: 50%). By strategy, our Absolute Return Long-biased Funds continued to represent the majority of our funds (93%), while our Long-short Hedge Funds recorded an increase due to our US sales efforts. In terms of fund type, Hong Kong Securities and Futures Commission ("SFC") authorized funds[2] maintained the largest portion of our AUM (77%).

Classification by brand

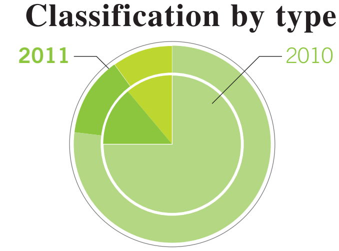


	2011	2010
Own Branded Funds	**55%**	50%
White Label & Co-branded Funds	**45%**	50%

Classification by strategy

	2011	2010
Absolute Return Long-biased Funds	**93%**	95%
Long-short Hedge Funds	**4%**	2%
Quantitative Funds & ETF	**2%**	2%
Absolute Return Credit Funds & Private Equity Funds	**1%**	1%

Classification by type

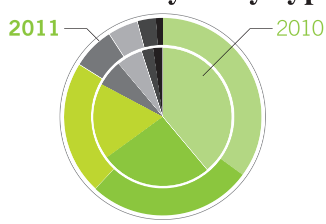


	2011	2010
SFC authorized Funds[2]	**77%**	75%
Non-SFC authorized Funds	**13%**	14%
Managed Accounts	**10%**	11%

Client base

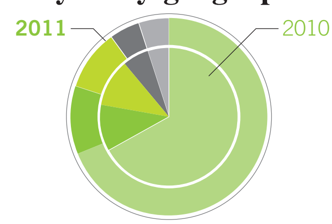
Institutional clients – including institutions, pension funds, high-net-worth individuals (HNWs), endowments and foundations, funds of funds, and family offices and trusts – remained the Group's primary set of fund investors for the year, accounting for 78% of our AUM. In particular, the increase in HNWs is attributable to expanded business relationship with private banks in the region. The proportion of funds coming from retail investors increased to 22% (2010: 18%), as a result of the higher fund inflow from Hong Kong retail investors through our expanded distribution channel network which includes retail banks. By geographical region, Hong Kong clients accounted for 69% of the Group's AUM (2010: 67%), while the percentage of clients in the United States and Europe was 21% (2010: 22%).

Client analysis by type



	2011	2010
Institutions	**35%**	39%
Pension funds	**27%**	26%
Retail	**22%**	18%
High-net-worth individuals	**7%**	6%
Endowments & foundations	**5%**	6%
Funds of funds	**3%**	3%
Family offices & trusts	**1%**	2%

Client analysis by geographical region



	2011	2010
Hong Kong	**69%**	67%
United States	**11%**	11%
Europe	**10%**	11%
Australia	**5%**	6%
Others	**5%**	5%

Summary of results

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

(In HK$ million)	2011	2010	% Change
Total revenue	688.9	1,075.2	-35.9%
Gross management fees	491.4	343.8	+42.9%
Gross performance fees	139.5	708.5	-80.3%
Profit attributable to equity holders of the Company	167.3	653.2	-74.4%
Basic earnings per share (HK cents)	9.5	40.1	-76.3%
Diluted earnings per share (HK cents)	9.5	39.9	-76.2%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	5.8	16.0	-63.8%

Revenue and fee margins

Breakdown of total net income

The Group's total revenue decreased by 35.9% to HK$688.9 million for the year (2010: HK$1,075.2 million). The major contribution to our revenue in 2011 was gross management fees, which rose to HK$491.4 million (2010: HK$343.8 million) as a result of a 30.9% increase in the Group's average AUM to US$8,142 million (2010: US$6,219 million). With higher fund inflows from distribution channels into our Own Branded Funds, annualized gross management fee margin increased to 78 basis points (2010: 71 basis points). However, the distribution and advisory fee expenses paid to channels increased correspondingly by 64.3% to HK$166.9 million (2010: HK$101.6 million), resulting in a less significant increase of 1 basis point in annualized net management fee margin (2011: 61 basis points; 2010: 60 basis points).

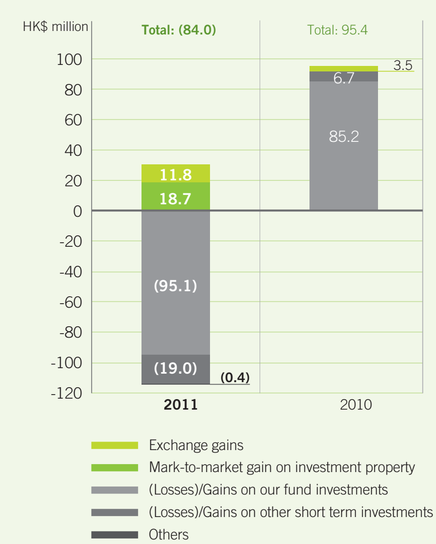
Gross performance fees, another source of revenue, amounted to HK$139.5 million, representing an 80.3% decrease (2010: HK$708.5 million). The decline was primarily due to the performance of the Group's funds, most of which did not exceed their high watermark or benchmark.

Other revenue includes front-end load and back-end load, with a substantial amount of front-end load rebated to distribution channels.

Other income, which mainly comprised dividend income and interest income, increased to HK$24.8 million (2010: HK$9.8 million). Dividend income diminished slightly to HK$7.2 million (2010: HK$7.4 million), while interest income rose to HK$7.8 million (2010: HK$1.6 million) due to the increase in the value of bank deposits and interest-bearing bonds investments.

Other gains and losses

Breakdown of other gains and losses



Other gains and losses include (1) fair value changes and realized gains/losses on our fund investments, (2) fair value changes and realized gains/losses on other short term investments; (3) mark-to-market gains/losses on investment property; and (4) exchange gains/losses. For 2011, they amounted to losses of HK$84.0 million, compared to gains of HK$95.4 million in the previous year.

Net fair value changes and realized losses on our fund investments amounted to HK$95.1 million (2010: gains of HK$85.2 million). The Group's other short term investments recorded net fair value changes and realized losses of HK$19.0 million (2010: gains of HK$6.7 million). For reference, the year-to-date unaudited fair value gains on our fund investments up to 29 February 2012 were approximately HK$90 million.

From an investment property acquired in 2010 for HK$58.7 million, the Group recorded a mark-to-market gain of HK$18.7 million for the year, while exchange gains amounted to HK$11.8 million (2010: HK$3.5 million). The exchange gains was mostly derived from the HK$400.0 million converted to Renminbi in early 2011, as reserves for the Group's expansion in mainland China.

Cost management

We manage our business prudently and control our operating costs further through implementing enhanced expense policies and improving productivity. The Group's total expenses – including compensation and benefit expenses, other fixed operating costs, sales and marketing expenses, depreciation and non-recurring expenses – amounted to HK$253.1 million (2010: HK$319.3 million).

For the year, the Group's management continued to exercise stringent cost discipline and aimed to keep fixed operating expenses well covered by its net management fee income, a relatively stable income source. We measure this objective with the "fixed cost coverage ratio", an indicator of how many times fixed operating expenses are covered by net management fee income. For the year, the Group's fixed cost coverage was 2.6 times.

Compensation and benefit expenses

Fixed salaries and staff benefits increased by HK$31.1 million for the year to HK$100.5 million (2010: HK$69.4 million). The increase is mainly attributable to the lag effect of the revised compensation package adopted in 2010 to increase fixed salary and reduce the bonus pool, with the full impact coming through in the year. The increase of the Group's headcount (excluding non-wholly owned subsidiaries and joint ventures) to 122 (2010: 103) to cope with business expansion also contributed to the increment. Meanwhile, salary and headcount costs of non-wholly owned subsidiaries and joint ventures added to the rise in fixed salaries and staff benefits.

Management bonuses amounted to HK$69.5 million for the year (2010: HK$190.2 million). This is consistent with the Group's compensation policy, which distributes 20% to 23% of the net profit pool every year as a management bonus to employees (prior to 2010: 25%). The net profit pool comprises net profit before management bonus and taxation, and after certain adjustments. This discretionary bonus promotes staff loyalty and performance, while aligning the interests of employees with those of shareholders.

The Group also recorded expenses of HK$8.5 million relating to stock options granted to employees. This expense item had no impact on cash flow and is recognized in accordance with Hong Kong Financial Reporting Standards.

Staff rebates – referring to the partial rebates of management fees and performance fees staff entitled to when investing in the funds managed by the Group – decreased to HK$3.5 million (2010: HK$7.8 million). The decrease was mainly due to the decline in performance fee income from their investments.

Other expenses

Other non-staff-related operating costs such as rent, legal & professional fees, investment research and other administrative and office expenses, amounted to HK$48.9 million (2010: HK$31.5 million), in line with the Group's continuing business expansion. In particular, office rental increased by HK$4.6 million following the expansion of the Group's Hong Kong premises, and legal & professional fees increased by HK$3.8 million relating to several projects during the year.

Sales and marketing expenses increased to HK$14.4 million for the year (2010: HK$6.8 million) as a result of increased spending on marketing events and distributor sponsorship, following the expansion of our distribution network. In addition, the Group's sales team strengthened sales efforts in key overseas markets, particularly the United States and Europe, thus incurring more overseas travel costs.

Non-recurring expenses mainly consisted of donations. For the year, the Group entered into a partnership with the Hong Kong University of Science and Technology ("HKUST"), and launched the "Value Partners Center for Investing at the HKUST Business School", for which the Group pledged a donation of up to HK$10.0 million over five years. The first HK$3.0 million was donated in 2011.

Net profit and core earnings

Profit attributable to equity holders of the Company came to HK$167.3 million (2010: HK$653.2 million), and core earnings fell by 56.2% to HK$254.4 million (2010: HK$580.5 million). Core earnings measure the Group's core operating performance and exclude non-recurring and non-operating items, such as the mark-to-market gain or loss of the Group's investments in its own funds and mark-to-market gain on investment property. The decrease in core earnings was mainly due to the decline in performance fees earned.

Other projects and post balance sheet events

In July, we acquired the other 50% stake in Sensible Asset Management Hong Kong Limited ("SAMHK") from Ping An Insurance of China. After the transaction, the Group now owns the entire share capital of SAMHK. This acquisition reflects the Group's confidence in and commitment to growing its ETF business in Asia. Total consideration for the acquisition was US$4.0 million.

In pursuing opportunities to expand our presence in Greater China, which is our core strategic market, the Group has extended its business stretch further in the mainland and Taiwan, including the following:

(1) entering into an agreement in January to establish a joint venture private equity fund management company in Kunming, Yunnan, Western China. We own 60% of the joint venture and registered capital of the joint venture is RMB15.0 million;

(2) the incorporation of a new wholly-owned subsidiary in Shanghai in June which will become our vehicle to expand our presence in the domestic sunshine private A share fund market. Registered capital of this subsidiary is RMB10.0 million;

(3) the acquisition of 55.46% stake of KBC Concord Asset Management Co., Ltd., a licensed fund management firm in Taiwan was completed in August, and subsequently raised our stake to slightly over 60% for NT$318.9 million in total. This provides us the platform to expand in the domestic market in Taiwan;

(4) we entered into an agreement in September to form a joint venture company to operate and develop small loan business in Chengdu, Sichuan. We own 90% of the joint venture, which has registered capital of RMB300.0 million; and

(5) we announced in March 2012 the proposed acquisition of a 49% stake in KBC Goldstate Fund Management Company Limited, a licensed mutual fund management company headquartered in Shanghai, while the remaining 51% stake is owned by Goldstate Securities, a licensed securities firm headquartered in Shenzhen. The capital involved amounted to RMB40.5 million. With the new vehicle to expand our presence in the mainland public fund market, we target to launch a series of public funds that adhere to our disciplined value investing philosophy.

Details of some of these strategic moves are covered in the Report of the Chief Executive Officer section under "Greater China platform making strides".

Dividends

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

For 2011, the Board of Directors recommended a final dividend of HK5.8 cents per share to shareholders.

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. For the year, the Group's balance sheet and cash flow positions remained strong, with a net cash balance of HK$1,315.3 million. Net cash inflows from operating activities amounted to HK$642.0 million, and the Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' equity) stood at zero, while the current ratio (current assets divided by current liabilities) came to 11.6 times.

Capital structure

As of 31 December 2011, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK$2,424.0 million and 1.76 billion, respectively.

TSE Wai Ming, **Timothy**, CFA & FCPA
Deputy Chief Executive Officer and Chief Financial Officer
Executive Director

[1] *Performance of Classic Fund (A Units) over past five years: 2007: +41.1%; 2008: -47.9%; 2009: +82.9%; 2010: +20.2%; 2011: -17.2%. Performance figures are calculated in US dollars on NAV to NAV, with dividends reinvested. Performance data is net of all fees.*

[2] *SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

OTHER INFORMATION

Human Resources

As of 31 December 2011, the Group employed 122 staff (excluding non-wholly owned subsidiaries and joint ventures). Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In line with our emphasis on recognition for performance and human capital retention, we reward our employees with year-end discretionary bonuses which are linked to our level of profits for that financial year.

Dividends

No interim dividend was paid during the year. The Board is pleased to recommend the distribution of a final dividend of HK5.8 cents per share for the year ended 31 December 2011. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2012, the dividend will be payable on or about 21 May 2012 to the shareholders whose names appear on the Registers of Members of the Company at close of business on 7 May 2012. The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

Annual General Meeting

It is proposed that the Annual General Meeting of the Company ("AGM") will be held on Thursday, 26 April 2012. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Wednesday, 25 April 2012 to Thursday, 26 April 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 24 April 2012.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the AGM. The record date for entitlement to the proposed final dividend is 7 May 2012. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 3 May 2012 to Monday, 7 May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 2 May 2012.

Purchase, Sale or Redemption of the Company's Securities

The Company has purchased a total of 2,401,000 Shares on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2011 and the aggregate consideration paid was HK$7,263,343.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2011.

Audit Committee

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an audit committee which comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2011.

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 Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2011.

Model Code for Securities Transactions by Directors

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

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2011.

Publication of Final Results and Annual Report on the Stock Exchange

The final results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.valuepartnersgroup.com.hk). The annual 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 the 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
CHEAH Cheng Hye
Chairman and Co-Chief Investment Officer

Hong Kong, 13 March 2012

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