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 2013

FINANCIAL HIGHLIGHTS

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

(In HK$ million)	2013	2012	% Change
Total revenue	**1,027.6**	651.6	+57.7%
Gross management fees	**603.9**	461.8	+30.8%
Gross performance fees	**317.0**	112.1	+182.8%
Operating profit (before other gains/losses)	**468.2**	254.4	+84.0%
Profit attributable to equity holders of the Company	**384.3**	376.4	+2.1%
Basic earnings per share (HK cents)	**21.9**	21.4	+2.3%
Diluted earnings per share (HK cents)	**21.8**	21.4	+1.9%
Interim dividend per share	**Nil**	Nil	
Final dividend per share (HK cents)	**10.7**	6.3	+69.8%
Special dividend per share (HK cents)	**Nil**	9.7	

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 2013 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 2013

	Note	2013 HK$'000	2012 HK$'000
Income			
Fee income and other revenue	2	**1,027,581**	651,576
Distribution and advisory fee expenses		**(252,583)**	(178,965)
Net fee income		**774,998**	472,611
Other income		**45,205**	54,119
Total net income		**820,203**	526,730
Expenses			
Compensation and benefit expenses	3	**(267,725)**	(197,052)
Operating lease rentals		**(13,466)**	(12,943)
Other expenses	4	**(70,850)**	(62,382)
Total expenses		**(352,041)**	(272,377)
Operating profit (before other gains/losses)		**468,162**	254,353
Changes in fair value of investment properties		**(18,528)**	24,000
Net gains on investments		**4,138**	132,753
Net gains on investments held-for-sale		**5,783**	23,455
Others		**(1,060)**	(3,274)
Other (losses)/gains – net	5	**(9,667)**	176,934
Operating profit (after other gains/losses)		**458,495**	431,287
Share of gain/(loss) of an associate		**1,181**	(16,152)
Profit before tax		**459,676**	415,135
Tax expense	6	**(78,430)**	(45,657)
Profit for the year		**381,246**	369,478
Other comprehensive income for the year			
– Items that may be subsequently reclassified to profit or loss			
Fair value (losses)/gains on available-for-sale financial assets		**(5,000)**	18,673
Foreign exchange translation		**7,404**	7,864
Other comprehensive income for the year	7	**2,404**	26,537
Total comprehensive income for the year		**383,650**	396,015
Profit attributable to			
Equity holders of the Company		**384,324**	376,361
Non-controlling interests		**(3,078)**	(6,883)
		381,246	369,478
Total comprehensive income for the year attributable to			
Equity holders of the Company		**386,813**	400,956
Non-controlling interests		**(3,163)**	(4,941)
		383,650	396,015
Earnings per share for profit attributable to equity holders of the Company (HK cents per share)			
– basic	8	**21.9**	21.4
– diluted	8	**21.8**	21.4
Dividends (HK$'000)	9	**187,807**	280,832

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**4,332**	7,747
Intangible assets		**55,614**	54,404
Investment properties		**–**	102,000
Investment in an associate		**92,125**	90,944
Deferred tax assets		**554**	399
Investments	*10*	**898,026**	953,135
Other assets		**9,044**	13,987
Loan portfolio, net		**98,837**	8,024
		1,158,532	1,230,640
Current assets			
Investments	*10*	**441,558**	240,862
Investments held-for-sale	*11*	**226,782**	245,899
Fees receivable	*12*	**386,398**	179,067
Loan portfolio, net		**132,882**	337
Amounts receivable on sale of investments		**13,437**	164,224
Prepayments and other receivables		**28,730**	33,473
Cash and cash equivalents	*13*	**692,116**	888,090
		1,921,903	1,751,952
Current liabilities			
Accrued bonus		**125,060**	68,243
Distribution fee expenses payable	*14*	**54,802**	28,915
Amounts payable on purchase of investments		**–**	135,033
Other payables and accrued expenses		**18,913**	17,870
Current tax liabilities		**52,995**	15,353
		251,770	265,414
Net current assets		**1,670,133**	1,486,538
Net assets		**2,828,665**	2,717,178
Equity			
Capital and reserves attributable to equity holders of the Company			
Issued equity	*15*	**889,213**	889,213
Other reserves		**192,811**	181,653
Retained earnings			
– proposed dividends	*9*	**187,807**	280,832
– others		**1,477,244**	1,280,727
		2,747,075	2,632,425
Non-controlling interests		**81,590**	84,753
Total equity		**2,828,665**	2,717,178

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 standards adopted by the Group:
- Amendment to HKAS 1 "Financial Statement Presentation" (effective from 1 July 2012)
- HKAS 28 (revised 2011) "Investments in Associates and Joint Ventures" (effective from 1 January 2013)
- 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)
- Amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective from 1 January 2013)

New standards, amendments and interpretations issued but are not yet effective for the financial year beginning 1 January 2013 and have not been early adopted:
- HKFRS 9 "Financial Instruments"
- Amendments to HKFRS 10 "Consolidated Financial Statements" (effective from 1 January 2014)
- Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities" (effective from 1 January 2014)

2. TURNOVER AND REVENUE

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

	2013	2012
	HK$'000	*HK$'000*
Management fees	**603,870**	461,799
Performance fees	**316,988**	112,087
Front-end fees	**87,535**	77,164
Total fee income	**1,008,393**	651,050
Interest income from loan portfolio	**17,992**	322
Fee income from loan portfolio	**1,196**	204
Total turnover and revenue	**1,027,581**	651,576

3. COMPENSATION AND BENEFIT EXPENSES

	2013	2012
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**132,510**	123,621
Management bonus	**125,060**	68,243
Share-based compensation	**8,214**	3,387
Pension costs – mandatory provident fund scheme	**1,941**	1,801
Total compensation and benefit expenses	**267,725**	197,052

4. OTHER EXPENSES

	2013 HK$'000	2012 HK$'000
Marketing expenses	**13,230**	10,524
Research expenses	**10,776**	10,194
Legal and professional fees	**7,323**	7,995
Depreciation and amortization	**5,968**	5,871
Travelling expenses	**5,719**	6,819
Office expenses	**4,925**	4,824
Auditor's remuneration	**4,126**	2,874
Insurance expenses	**3,678**	3,419
Entertainment expenses	**2,282**	1,524
Transaction costs	**1,981**	132
Donations	**1,870**	1,750
Recruitment expenses	**1,698**	1,545
Charge of loan impairment allowances	**1,534**	84
Registration and licensing fees	**1,097**	1,059
Others	**4,643**	3,768
Total other expenses	**70,850**	62,382

5. OTHER (LOSSES)/GAINS – NET

	2013 HK$'000	2012 HK$'000
Changes in fair value of investment properties	**(18,528)**	24,000
Net gains on investments		
Gains on financial assets at fair value through profit or loss	**118,522**	155,825
Losses on financial assets at fair value through profit or loss	**(121,229)**	(60,448)
Gains on disposal of available-for-sale financial assets	**7,932**	23,743
Losses on disposal of available-for-sale financial assets	**(1,087)**	–
Gains on disposal of held-to-maturity financial assets	**–**	13,633
Gains on investments held-for-sale	**5,783**	23,455
Others		
Losses on disposal of subsidiaries	**(328)**	(3,975)
Net foreign exchange (losses)/gains	**(732)**	701
Total other (losses)/gains – net	**(9,667)**	176,934

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 2013 at the rate of 16.5% (2012: 16.5%).

	2013 HK$'000	2012 HK$'000
Current tax		
Hong Kong profits tax	**73,634**	46,985
Overseas tax	**4,685**	1,113
Adjustments in respect of prior years	**360**	(2,373)
Total current tax	**78,679**	45,725
Deferred tax		
Origination and reversal of temporary differences	**(249)**	(68)
Total tax expense	**78,430**	45,657

7. OTHER COMPREHENSIVE INCOME

	2013	2012
	HK$'000	*HK$'000*
Items that may be subsequently reclassified to profit or loss:		
Available-for-sale financial assets		
Fair value (losses)/gains during the year	**(6,119)**	18,650
Reclassification adjustments for gains included in profit or loss	**1,119**	23
Fair value (losses)/gains on available-for-sale financial assets	**(5,000)**	18,673
Foreign exchange translation	**7,404**	7,864
Total other comprehensive income	**2,404**	26,537

8. 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$384,324,000 (2012: HK$376,361,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,755,203,000 (2012: 1,755,203,000). The diluted earnings per share is calculated by adjusting the weighted average number of shares in issue during the period of 1,755,203,000 (2012: 1,755,203,000) by 3,855,000 (2012: 2,713,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

9. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Proposed final dividend of HK10.7 cents (2012: HK6.3 cents) per ordinary share	**187,807**	110,578
Proposed special dividend of nil (2012: HK9.7 cents) per ordinary share	**–**	170,254
Total dividends	**187,807**	280,832

The directors recommend payment of a final dividend of HK10.7 cents per ordinary share. The estimated total final dividend, based on the number of shares outstanding as at 31 December 2013, is HK$187,807,000. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company on 29 April 2014 and have not been recognized as a liability at the balance sheet date.

10. INVESTMENTS

Investments include the following:

	Financial assets at fair value through profit or loss		Available-for-sale financial assets		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Listed securities (by place of listing)						
Debt securities – Hong Kong	**–**	–	**10,358**	2,477	**10,358**	2,477
Debt securities – Singapore	**–**	–	**93,306**	229,089	**93,306**	229,089
Equity securities – China	**244,874**	–	**–**	–	**244,874**	–
Investment funds – Hong Kong	**166,955**	368,292	**–**	–	**166,955**	368,292
Market value of listed securities	**411,829**	368,292	**103,664**	231,566	**515,493**	599,858
Unlisted securities (by place of incorporation/establishment)						
Debt securities – China	**–**	–	**–**	86,422	**–**	86,422
Equity securities – Singapore	**–**	–	**8,508**	5,649	**8,508**	5,649
Investment funds – Australia	**16,709**	18,358	**–**	–	**16,709**	18,358
Investment funds – Cayman Islands	**486,846**	471,088	**–**	–	**486,846**	471,088
Investment funds – Ireland	**97,883**	–	**–**	–	**97,883**	–
Investment funds – Taiwan	**3,353**	–	**–**	–	**3,353**	–
Investment funds – United States	**283**	263	**13,825**	12,359	**14,108**	12,622
Fair value of unlisted securities	**605,074**	489,709	**22,333**	104,430	**627,407**	594,139
Derivative financial instruments						
Participation notes[(a)]	**131,398**	–	–	–	**131,398**	–
Warrants[(a)]	**65,286**	–	**–**	–	**65,286**	–
Fair value of derivative financial instruments	**196,684**	–	**–**	–	**196,684**	–
Total investments	**1,213,587**	858,001	**125,997**	335,996	**1,339,584**	1,193,997
Representing:						
Non-current	**772,029**	703,561	**125,997**	249,574	**898,026**	953,135
Current	**441,558**	154,440	**–**	86,422	**441,558**	240,862
Total investments	**1,213,587**	858,001	**125,997**	335,996	**1,339,584**	1,193,997

(a) These derivative financial instruments are linked to equity securities in China.

11. 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	
	2013	2012
	HK$'000	*HK$'000*
Investment funds – Cayman Islands	**197,160**	133,262
Investment funds – Ireland	**–**	85,638
Investment funds – Taiwan	**29,622**	26,999
Total investments held-for-sale	**226,782**	245,899

As at 31 December 2013 and 2012, the major assets of the above funds were securities.

12. FEES RECEIVABLE

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

	2013	2012
	HK$'000	*HK$'000*
Fees receivable that were past due but not impaired		
1 – 30 days	**751**	692
31 – 60 days	**498**	–
61 – 90 days	**385**	483
Over 90 days	**509**	–
	2,143	1,175
Fees receivable that were within credit period	**384,255**	177,892
Total fees receivable	**386,398**	179,067

13. CASH AND CASH EQUIVALENTS

	2013	2012
	HK$'000	*HK$'000*
Cash at bank and in hand	**156,720**	207,709
Short-term bank deposits	**531,894**	671,940
Deposits with brokers	**3,502**	8,441
Total cash and cash equivalents	**692,116**	888,090

14. 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:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**53,194**	28,610
31 – 60 days	**797**	136
61 – 90 days	**811**	–
Over 90 days	**–**	169
Total distribution fee expenses payable	**54,802**	28,915

15. ISSUED EQUITY

	Number of shares	**Issued equity**
		HK$'000
As at 31 December 2012, 1 January 2013 and 31 December 2013	**1,755,202,800**	**889,213**

CHAIRMAN'S STATEMENT

Value Partners' net profit for 2013, at HK$384 million, was only slightly better than the previous year's figure of HK$376 million. Beneath the surface, however, there was real progress. Operating profit, which reflects the actual operating business, totalled HK$468 million in 2013, increased 84% from the previous year's HK$254 million. This strength was masked by a much higher tax expense (reflecting the higher operating profit) and much lower contributions from treasury operations ("treasury operations" refer to returns from investing our own capital, a major part of which is subscribed to our funds, side-by-side with clients).

Clearly we enjoyed a robust operation despite relatively weak markets across much of the Asia-Pacific region in 2013. One indicator was that our assets under management ("AUM") passed the US$10 billion milestone for the first time, reaching US$10.5 billion at year end, compared to US$8.5 billion a year earlier. We remain among the very biggest independent asset-management firms in our region, and the only one of its kind listed on the Hong Kong Stock Exchange.

We are pleased to propose a dividend for 2013 of HK10.7 cents (compared to HK6.3 cents in 2012). In 2012, we also declared a special dividend of HK9.7 cents to mark the 20th anniversary of the group's founding, but for 2013, it is back to business as usual, and no special dividend is proposed.

Review

The Value Partners brand is associated with fund performance, and in 2013, again, we didn't disappoint our clients. Our flagship Value Partners Classic Fund (A Units) returned a net 11.2% in 2013, while the Hang Seng Index recorded a return of 6.5%; indeed, this fund (A Units) has returned a net 16.4% per annum, compounded, since inception in 1993, whereas the index's annualized return was 8% over the same period[1].

Still, 2013 was forgettable in terms of the market environment, with a gain of just 3.6% in the MSCI China Index (which covers China-related stocks) and only 3.4% in the MSCI Asia-Pacific ex-Japan Index, which covers regional stockmarkets outside Japan. Consequently, although a number of our funds, including the Classic Fund, qualified for performance fees in 2013, on top of their usual fixed management fees, the performance collection was relatively minor. (Under the "high-on-high" principle, a fund cannot earn a performance fee unless its net asset value exceeds its previous high; several of our funds surpassed their previous highs to some extent in 2013, thus earning performance fees.)

There is now potential for a much larger harvest of performance income if the China-related markets, and Asia-Pacific markets generally, stage a long-overdue recovery, which may allow our funds to reach major new heights. This potential is much bigger than before because of our large and growing fund size. After a bear market going back to 2007, China-related stocks currently trade at very cheap valuations, and what is now required is a turnaround in investor sentiment.

Currently, China is going through a transitional period, implementing a program of reforms under Xi Jinping, who became President in 2013. Inevitably, change has brought some uncertainty and pain, especially in the financial sector, which has various issues, including problems associated with high-yield debts (sometimes called "shadow banking" products).

Overall, however, China as a country is very strong financially, with large domestic savings and it is not dependent on foreign capital. It is very unlikely that China will suffer a "hard landing," as there are sufficient resources to take care of the various problems that have emerged. Premier Li Keqiang stated recently that his "bottom line" is an economic growth rate of 7.2%, to ensure that enough new jobs are created. Certainly, over time, the new administration has the ability and the will to push through breakthrough reforms, including an anti-corruption drive, that will enable China to become a truly successful country, providing an even more attractive landscape for investors.

We believe that as investors take in the far-reaching implications of the reform program, market sentiment will recover. We think it is a question of when, not if, a recovery will occur.

Other matters

As always, Value Partners' priority is to continuously improve the way we do our job, especially in terms of investment analysis and fund management. Our Investment Team is being further strengthened, with more professionals joining and much thought given to how to better organize our people, so as to maximize our "knowledge utilization," which involves making more effective use of the vast pool of knowledge accumulated by our team of analysts and fund managers.

Our achievements have received further recognition in the form of new performance awards. These include for the Value Partners High-Dividend Stocks Fund two highly coveted prizes: the Morningstar 2014 award for "Best Asia ex-Japan Equity Fund;" and the Benchmark Fund of the Year 2013 award for "Outstanding Achiever in the Asia Pacific Equity Fund category"[2]. Value Partners has now own a total of more than 80 awards and prizes since the firm's founding 21 years ago.

For details and an in-depth discussion of the Group, including our progress in various business-development projects, please refer to the accompanying report from our Chief Executive Officer (CEO). Please note the significant new opportunities arising from the opening up of mainland China's capital market. For example, the mainland Chinese and Hong Kong authorities have already reached an understanding on "mutual recognition" of funds, a breakthrough that opens the door for Hong Kong-domiciled funds to be sold on the mainland, and vice versa.

As the Chinese mainland gradually relaxes restrictions on fund flows, Value Partners is well positioned to provide investment services for both capital inflows and outflows related to the Greater China region. Apart from Hong Kong, Value Partners has established offices in Beijing, Shanghai, Chengdu and Taipei. Our vision extends beyond the Greater China region, however. In 2014, the group intends to open an important new office in Singapore, part of a strategy to enhance our role across the Asia-Pacific region and, over time, the world as a whole.

To our clients, employees, shareholders and friends who have now supported us for more than two decades – we remain deeply grateful.

Dato' CHEAH Cheng Hye
Chairman and Co-Chief Investment Officer

1 *Index returns are for reference only. Performance of Value Partners Classic Fund (A Units) over past five years: 2009: +82.9%; 2010: +20.2%; 2011: -17.2%; 2012: +14%; 2013: +11.2%. Performance figures are calculated in US dollars on NAV to NAV, with dividends reinvested. Performance data is net of all fees.*

2 *The Morningstar 2014 award was based on data of eligible funds in their respective Morningstar category up to 31 December 2013. The Benchmark award was based on data as of 30 September 2013.*

REPORT OF THE CHIEF EXECUTIVE OFFICER

A milestone year with robust results

In 2013, Value Partners made history by being the first home-grown asset management company in Hong Kong to manage more than US$10 billion of assets. The achievement comes from the continued efforts of our dedicated team in building a distinctive product suite, a strong distribution network, an expanding regional presence, a global client base, as well as a proven track record over the past two decades.

In a year marked by volatility, assets under management ("AUM") of the Group managed to rise 23% to an all-time high of US$10.5 billion at the end of the year (2012: US$8.5 billion), exceeding US$10 billion the first time. The increase is driven by solid investment performance and a record net subscription of US$1.3 billion (2012: US$0.2 billion).

Profit attributable to our equity holders increased slightly to HK$384 million in 2013 from HK$376 million a year earlier, dragged down by reduced gains from our treasury operations comprising the Group's seed capital investments and investments in our own funds. However, it is worth noting that operating profit, excluding contributions from treasury operations, jumped 84% to HK$468 million, reflecting significant improvement in ordinary business.

Total revenue increased 58% to HK$1 billion during the year, manifesting healthy growth in recurring management fee income, accompanied by increased performance fee income. While gross management fees, the major contributor to revenue, rose 31% to HK$604 million (2012: HK$462 million), gross management fee margin and net management fee margin respectively increased to 83 basis points (2012: 78 basis points) and 61 basis points (2012: 60 basis points) as our own branded products, in which we enjoy a higher profit margin, attracted stronger fund inflows. Meanwhile, as a result of stringent cost management, our fixed recurring cost only rose 6% during the year. Fixed costs of our fund management business remained well covered by net management fee income alone at a coverage ratio of 2.7 times.

Despite the challenging market environment in the year, gross performance fees surged 183% to HK$317 million as performance of some of our funds surpassed their respective high watermarks. While our flagship Classic Fund outperformed its previous high watermark by 5.9%, our High-Dividend Stocks Fund surpassed its preceding high watermark by 9.4%.

We are pleased to propose a dividend of HK10.7 cents per share for 2013 (2012: final dividend of HK6.3 cents; special dividend of HK9.7 cents).

(I) Strengthening our core businesses

(A) Distributing best-in-class products

Headquartered in Hong Kong, we have been maintaining our edge in the territory by leveraging our core competencies in investment management and distinctive product offerings. In 2013, we saw significant inflows to various key products which received new recognition and awards over the year. A number of our funds continued to receive four- or five-star ratings[1] from external agencies such as Morningstar. Meanwhile, we have enhanced our product range and product features to cater for the needs of both institutional and retail investors.

Our High-Dividend Stocks Fund (AUM: US$1,747 million[1]), designed to capture strong dividend plays across Asia Pacific, drew the largest amount of net inflow of US$790 million in the year – across channels including retail banks, insurance companies via investment-linked assurance products ("ILAS") and private banks in the region. It won a prestigious award in March by being named the Best Asia ex-Japan Equity Fund in the 2014 Morningstar Awards[2]. In addition, it was named the Outstanding Achiever in the Asia-Pacific Equity Fund category in the Benchmark Fund of the Year Awards 2013[2]. The fund was also the only Hong Kong-managed fund that made the Best 100 Hedge Fund ranking compiled by *Barron's* in 2013[3].

Our China Greenchip Fund (AUM: US$324 million[1]), which focuses on small- and mid-cap stocks in Greater China, also gained recognition by being the winner of the Best Greater China Equity Fund (5 years) in the Lipper Fund Awards 2013[2]. The fund has emerged as an attractive investment choice to participants of Hong Kong's Capital Investment Entrant Scheme ("CIES") – a migration program for high-net-worth individuals, attracting net inflow of US$200 million during the year. Another award winner is our Chinese Mainland Focus Fund (AUM: US$195 million[1]), which was named the Best China Equity Fund (5 Years) in the Lipper Fund Awards 2013[2].

While the awards attest to our funds' outstanding performance and resilience over the years, we continued to enhance our products with new features, including dividend distribution classes and multi-currency classes with foreign exchange hedging, to meet global investors' needs. As a long-term investor in China, we hold a positive outlook for China's A-share market, and have lifted the A-share exposure of some of our products. In addition, we are prepared to widen our choice of funds by utilizing our capabilities in the mainland's equity and fixed income markets.

For example, our Greater China High Yield Income Fund (AUM: US$647 million[1]) aims to provide investors with access to high-yield plays in a low interest rate environment. Authorized in June 2013 for public distribution[4], it is the first public fund in the city focusing on the offshore Greater China high-yield bond space. During the year, the fund has attracted net subscriptions of US$394 million.

(B) Diversifying inflows with pension money

In addition to offering Value Partners branded products, we have been collaborating with Manulife Financial, one of our long-term key business partners that provide financial protection and wealth management products and services, in offering a fund under Hong Kong's Mandatory Provident Fund ("MPF") program. MPF is a retirement scheme covering the working population in Hong Kong. The MPF fund managed by Value Partners is the largest fund across all active MPF fund categories, and saw its AUM increase to US$2.5 billion as of the end of 2013, providing a stable source of income to the Group. In addition, we also act as the investment manager for two of Manulife's UCITS-compliant funds. Combined AUM of the UCITS-compliant funds stood at US$1.1 billion as of the end of 2013.

(C) Building a global clientele

We continue to attract overseas investors who aim at capitalizing the potential opportunities arisen from China. Our international investors, spanning from the United States, Europe, Australia, China and Singapore, include family offices, trusts, endowments, foundations, pension funds and other institutions. They formed a diversified client base and accounted for 29% of the Group's AUM (AUM: US$3 billion[1]). During the year, we obtained new investment mandates from two US investors – The Asia Pacific Fund, Inc. ("APB")[5] and The Rock Creek Group. In September, we won a US$118 million mandate from APB, which is a close-ended fund listed on the New York Stock Exchange since 1987. In November, we were named an investment manager for a private fund[5] of Rock Creek Group, which is partly owned by Wells Fargo & Company.

In a new initiative, we are setting up a fund management business in Singapore, getting the required licenses and aiming to be a full-fledged asset management company in Singapore.

(D) Tapping cross-border opportunities

As China expands the Qualified Foreign Institutional Investor ("QFII") scheme and Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme to allow more capital flowing into the country, we have stepped up access to tap China's ample domestic savings.

Leveraging the US$100 million QFII quota we received in December 2012, we launched an A-share product[5] in March primarily for institutional investors. We also used the QFII quota to increase some of our funds' direct exposure to the A-share market, attracting institutional investors from areas including the United States.

In March 2013, China's securities regulator relaxed the RQFII scheme by widening the scope of eligibility to also include Hong Kong-based financial institutions. In October 2013, we were granted a RMB800 million RQFII quota which allows us to invest Renminbi ("RMB") raised offshore into China's domestic securities market. RQFII-themed offering was a key product development to us in the second half of the year. A series of RQFII products, including equity funds, are being developed for launch.

As regulators on the mainland and Hong Kong have been in final talks on implementing the mutual recognition of funds, 2014 is expected to be another fruitful year for us. If the policy is approved, qualified SFC-authorized funds domiciled in Hong Kong will be allowed to be sold directly on the mainland, and vice versa. We have been preparing ourselves in different aspects to ride on this tide.

(E) Enhancing ETF product suite

Since we launched our first exchange-traded funds ("ETF") in 2009, we have already expanded our ETF product suite to include four single-market equity ETFs focusing on China, Japan, Korea and Taiwan; and a gold ETF. In November 2013, we introduced a RMB counter for Value Gold ETF, enabling investors to trade units of Value Gold ETF directly in RMB. It is also the first dual-counter gold ETF in the world. In fact, we have been capturing appetite for Chinese investment in the ETF space by launching two China-related indices with FTSE Group. FTSE Value-Stocks China A-Share Index was the latest benchmark established in 2011. Meanwhile, we introduced FTSE Value-Stocks ASEAN Index during the year to enrich our customer solutions with exposures to companies listed in Southeast Asia countries.

(II) Bolstering growth with Greater China drivers

(A) Ongoing strategic expansion on the mainland

During the year, we have strengthened our co-operation with strategic mainland bank distributors and heightened our ties with institutional investors to capture the increased investment flows as China liberalizes its capital accounts.

We opened a new office in Beijing in May to strengthen our mainland network which we have been building since 2009. In addition, we organized our first Institutional Investor Conference in Hong Kong for executives from mainland institutions, such as banks and insurance companies.

As mainland investors have a strong interest to tap the securities market outside China, we, in partnership with China Merchants Bank, launched in February a Qualified Domestic Institutional Investor ("QDII") product[5], which raised RMB209 million (US$33 million).

Meanwhile, we continued to receive A-share advisory mandates from a leading mainland institution. We have also fostered our ties with other top-tier banks, insurers and securities firms to jointly develop domestic products.

In 2014, we will continue to make inroads on the mainland, targeting institutional investors. We will also enhance our bank distribution capability to reach out to more retail investors and high-net-worth individuals. Meanwhile, we are closely monitoring the development in Shenzhen's Qianhai Bay Economic Zone and Shanghai's Free Trade Zone, preparing ourselves to expand into the zones as regulation details are released. We have been working closely with the authorities since we signed a Memorandum of Understanding with the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in 2012.

(B) Burgeoning presence in Taiwan

Taiwan is an important location to complete our Greater China footprint. Since we set up our joint venture Value Partners Concord Asset Management Company Limited in 2011, we have been constructing a comprehensive product range to differentiate ourselves from local competitors. During the year, we have successfully launched the Group's first balanced fund in Taiwan with one of our key business partners in Taiwan. We have also introduced our Greater China Equity Fund[5], boosting the AUM of our Taiwan business to NT$1,485 million (US$50 million) at the end of 2013.

Taiwan announced last year that it will relax rules on overseas banking units of lenders and overseas securities units of brokerage firms, allowing overseas wealth management products to be introduced in the Taiwan market. As the policy relaxation opens door for us to further grow our market share in the Taiwan market, we will bring our fund products in Hong Kong into Taiwan via our distribution partners to capture related business opportunities.

(C) Thriving small loan business in Chengdu

Chengdu Vision Credit Limited ("Vision Credit"), our joint venture engaging in small loan business in Chengdu city, has been providing an alternative source of income to the Group in addition to our core fund management business. Focusing on granting loans to the white collar, small-business entrepreneurs, as well as small and medium-sized enterprises, Vision Credit attained attractive loan yields while maintaining healthy asset quality. Outstanding loans of the company increased from RMB7 million in 2012 to about RMB181 million at the end of last year, of which a majority is secured lending. The unit has grown to a company with around 50 employees as of the end of 2013. Looking forward, we will continue to establish our brand name, grow our loan portfolio and develop multiple distribution channels.

A 20-year winning story

Since our establishment in 1993, we have been upholding our motto "investing with discipline" and evolved as one of the largest fund management companies in Asia. Our achievement is not only reflected in our expansion in size but also the local and regional recognition we received.

On the corporate level, we topped the Asia Hedge Fund 25 ranking compiled by *Institutional Investor's Alpha* in 2013, the fourth consecutive year that the Group took the top spot. In the 2013 Hedge Fund 100 ranking, also released by *Institutional Investor's Alpha*, we were ranked the first in Asia and the 62nd globally by AUM as of 2 January 2013.

We are pleased to report that Dato' Cheah Cheng Hye, our Chairman and Co-Chief Investment Officer, has been appointed by the Hong Kong government as a member of the New Business Committee of the Financial Services Development Council. The council, set up in 2013, is an advisory body engaged in formulating proposals to the government on the further development of Hong Kong. In 2013, our Chairman was conferred the Malaysian honorary title of "Dato' " by the state government of Penang, Malaysia, in recognition of his outstanding achievements (Dato' Cheah was born in Penang). Adding further to his list of awards and accolades, Dato' Cheah received in June 2013 an Honorary Fellowship from the Hong Kong University of Science and Technology for his contribution to the university and society at large.

Appreciation

Finally, we would like to express our gratitude to our diligent team for their dedication and pursuit of performance excellence. We also extend our appreciation to our clients, business partners and shareholders.

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

1 *As of 31 December 2013.*

2 *The 2014 Morningstar Awards was based on data of eligible funds in their respective Morningstar category up to 31 December 2013. Benchmark Fund of the Year Awards 2013 was based on data as of 30 September 2013. Lipper Fund Awards 2013 was based on data as of year-end 2012.*

3 *Value Partners High-Dividend Stocks 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.*

4 *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.*

5 *Not authorized by the SFC and not available for public distribution in Hong Kong.*

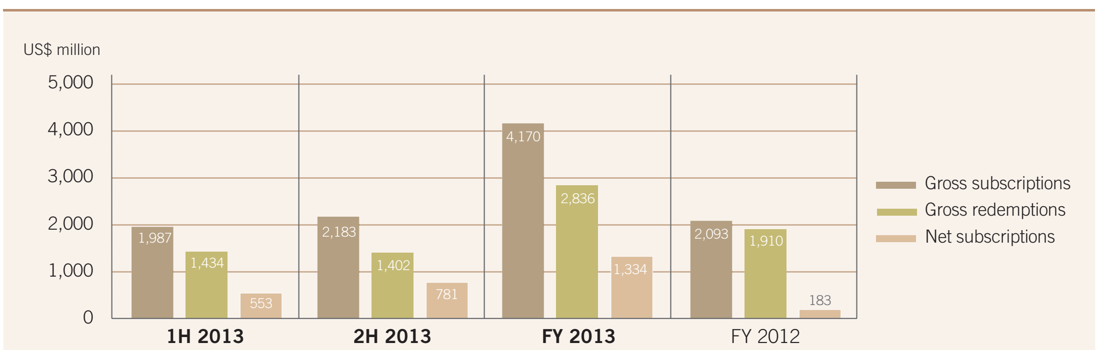
FINANCIAL REVIEW

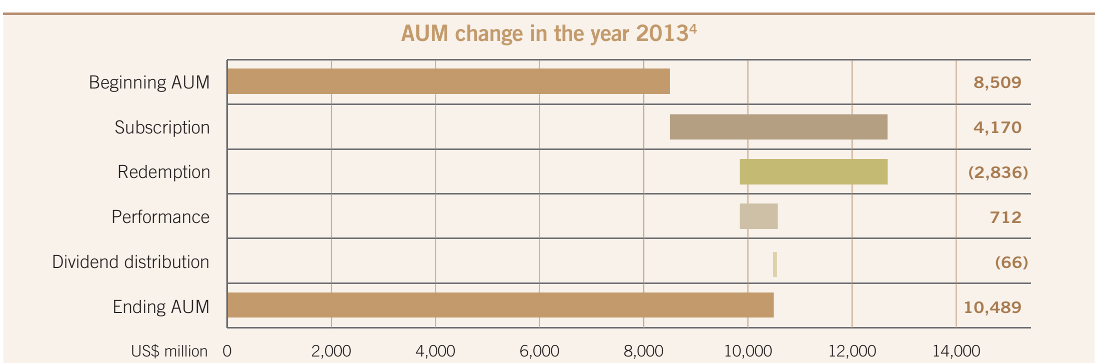
Assets Under Management

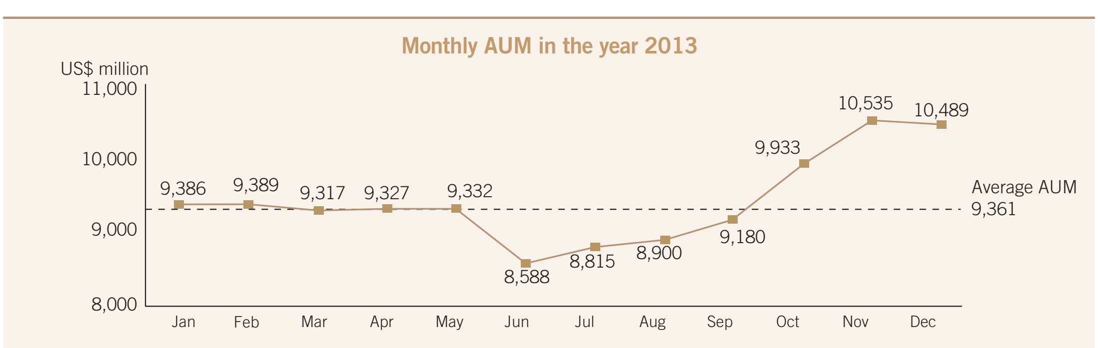
AUM and return

The Group's AUM amounted to US$10,489 million at the end of December 2013 (2012: US$8,509 million). The increase was mainly driven by net subscriptions of US$1,334 million, together with positive fund returns of US$712 million recorded during the year. Our overall fund performance, as calculated in asset-weighted average return of funds under management, recorded a gain of 8.2% in 2013. Value Partners' flagship Classic Fund[1] managed to generate solid returns with a gain of 11.2% in the year, while Value Partners High-Dividend Stocks Fund[2], the Group's largest public fund[3] in Hong Kong, recorded a gain of 8.1% in the year.

Gross subscriptions in the second half of 2013 (US$2,183 million) increased from the first half of 2013 (US$1,987 million), bolstering annual subscriptions (US$4,170 million) to rise significantly from the previous year (2012: US$2,093 million). Gross redemptions in the second half of 2013 (US$1,402 million) was slightly less than that in the first half of 2013 (US$1,434 million), bringing the full-year total to US$2,836 million. All in all, we were able to achieve strong net subscriptions of US$1,334 million (2012: US$183 million).



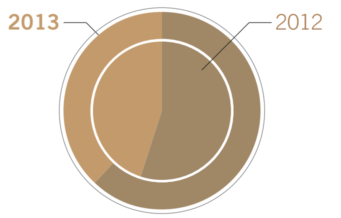




AUM by category

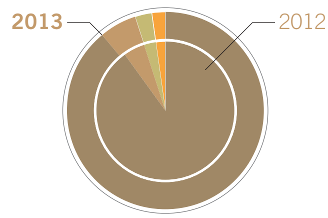
The charts below provide an analysis of the Group's AUM as at 31 December 2013 by three different classifications: brand, strategy and fund type. For the year, Own Branded Funds (62%) recorded an increase due to higher fund inflows into our own branded products following the expansion of our distribution network. By strategy, our Absolute Return Long-biased Funds continued to represent the majority of our funds (89%), followed by our Fixed Income Funds (6%), with our Greater China High Yield Income Fund taking the largest share. In terms of fund type, Hong Kong Securities and Futures Commission ("SFC") authorized funds[3] (i.e. public funds in Hong Kong) maintained the largest portion of our AUM (81%).

Classification by brand



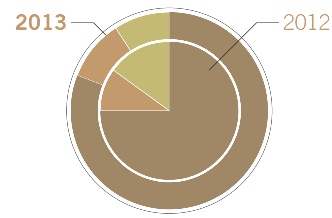
	2013	2012
Own Branded Funds	**62%**	55%
White Label & Co-branded Funds	**38%**	45%

Classification by strategy



	2013	2012
Absolute Return Long-biased Funds	**89%**	90%
Fixed Income Funds	**6%**	5%
Long-short Hedge Funds	**3%**	3%
Quantitative Funds & ETF	**2%**	2%

Classification by type

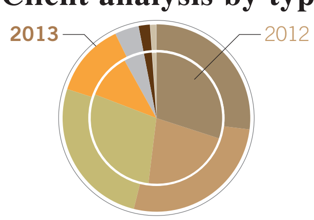


	2013	2012
SFC authorized Funds[3]	**81%**	75%
Managed Accounts	**10%**	10%
Non-SFC authorized Funds	**9%**	15%

Client base

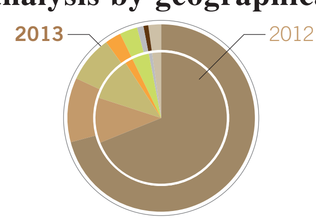
Institutional clients – including institutions, pension funds, high-net-worth individuals (HNWs), endowments and foundations, funds of funds, together with family offices and trusts – remained the Group's primary set of fund investors, accounting for 73% of our AUM (2012: 78%). In particular, the increase in HNWs is attributable to the expanded business relationship with private banks in the region. The proportion of funds coming from retail investors increased to 27% of the AUM (2012: 22%) as a result of the higher fund inflow from Hong Kong retail investors through our expanded distribution network which include retail banks. By geographical region, Hong Kong clients accounted for 71% of the Group's AUM (2012: 69%), while the percentage of clients in the United States and Europe was 19% (2012: 22%).

Client analysis by type



	2013	2012
Institutions	**27%**	30%
Retail	**27%**	22%
Pension funds	**26%**	29%
High-net-worth individuals	**13%**	11%
Endowments & foundations	**4%**	5%
Funds of funds	**2%**	2%
Family offices & trusts	**1%**	1%

Client analysis by geographical region



	2013	2012
Hong Kong	**71%**	69%
United States	**11%**	11%
Europe	**8%**	11%
Singapore	**3%**	2%
Australia	**3%**	4%
Taiwan	**1%**	1%
China	**1%**	0%
Others	**2%**	2%

Summary of results

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

(In HK$ million)	2013	2012	% Change
Total revenue	**1,027.6**	651.6	+57.7%
Gross management fees	**603.9**	461.8	+30.8%
Gross performance fees	**317.0**	112.1	+182.8%
Operating profit (before other gains/losses)	**468.2**	254.4	+84.0%
Profit attributable to equity holders of the Company	**384.3**	376.4	+2.1%
Basic earnings per share (HK cents)	**21.9**	21.4	+2.3%
Diluted earnings per share (HK cents)	**21.8**	21.4	+1.9%
Interim dividend per share	**Nil**	Nil	
Final dividend per share (HK cents)	**10.7**	6.3	+69.8%
Special dividend per share (HK cents)	**Nil**	9.7	

Revenue and fee margin

Breakdown of total net income

(In HK$ million)	2013	2012
Revenue	**1,027.6**	651.6
Management fees	**603.9**	461.8
Performance fees	**317.0**	112.1
Front-end fees	**87.5**	77.2
Interest income from loan portfolio	**18.0**	0.3
Fee income from loan portfolio	**1.2**	0.2
Distribution and advisory fee expenses	**(252.6)**	(179.0)
Management fee rebates	**(160.2)**	(104.5)
Performance fee rebates	**(7.4)**	(0.5)
Other revenue rebates	**(85.0)**	(74.0)
Other income	**45.2**	54.1
Total net income	**820.2**	526.7

The Group's total revenue increased by 57.7% to HK$1,027.6 million for the year (2012: HK$651.6 million). The major contribution to our revenue was gross management fees, which increased to HK$603.9 million (2012: HK$461.8 million) as a result of a 22.5% increase in the Group's average AUM to US$9,361 million (2012: US$7,641 million). With comparatively higher fund inflows from distribution channels into our Own Branded Funds, our annualized gross management fee margin increased to 83 basis points (2012: 78 basis points). The management fee rebates paid to distribution channels increased correspondingly by 53.3% to HK$160.2 million (2012: HK$104.5 million), resulting in an increase of 1 basis point in annualized net management fee margin (2013: 61 basis points; 2012: 60 basis points).

Gross performance fees, another source of revenue, amounted to HK$317.0 million, representing a HK$204.9 million increase (2012: HK$112.1 million). During the year, performance fees were generated when funds, at the dates of their performance fee crystallization, reported performances that had exceeded their benchmark returns for the respective periods ended or high watermarks.

Other revenue mainly includes front-end load, of which a substantial amount was rebated to distribution channels, and such rebate is a usual market practice. Other revenue also includes the HK$19.2 million (2012: HK$0.5 million) of interest and fee income generated from loan portfolio of our non-wholly owned subsidiary, which operates and develops small loan business in Chengdu. The small loan business commenced operations in the second half of 2012.

Other income, which mainly comprises dividend income and interest income, slightly decreased to HK$45.2 million (2012: HK$54.1 million). Dividend income increased to HK$10.4 million (2012: HK$4.7 million), while interest income decreased to HK$32.7 million (2012: HK$46.9 million) due to a drop in bank deposits and interest-bearing bond investments.

Other gains and losses

Breakdown of other (losses)/gains – net

(In HK$ million)	**2013**	2012
Changes in fair value of investment properties	**(18.5)**	24.0
Net gains on investments	**4.1**	132.7
Net gains on investments held-for-sale	**5.8**	23.5
Others	**(1.1)**	(3.3)
Other (losses)/gains – net	**(9.7)**	176.9

Other gains or losses mainly include fair value changes and realized gains or losses on investment items including seed capital investments, investments in own funds, debt securities and other investments; together with net foreign exchange gains or losses. Seed capital investments are made by the Group to seed certain amount of capital to new funds which is considered necessary during the initial fund launch phase. The Group also invests in its own funds side by side with investors where appropriate, for better alignment of interest and investment returns.

Investment in an associate

In March 2012, the Group acquired 49% interests in Value Partners Goldstate Fund Management Company Limited ("VP Goldstate"). VP Goldstate engages in asset management and trust businesses in mainland China. The Group's share of gain amounted to HK$1.2 million (2012: share of loss of HK$16.2 million).

Cost management

Breakdown of total expenses

(In HK$ million)	2013	2012
Compensation and benefit expenses	**267.7**	197.1
Fixed salaries and staff benefits	**129.9**	122.6
Management bonus	**125.1**	68.2
Staff rebates	**4.5**	2.9
Share based compensation expenses	**8.2**	3.4
Other expenses	**84.3**	75.3
Other fixed operating costs	**57.1**	53.4
Sales and marketing	**16.4**	13.7
Depreciation	**6.0**	5.9
Non-recurring expenses	**4.8**	2.3
Total expenses	**352.0**	272.4

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 current year, the Group's fixed cost coverage (for asset management business) was 2.7 times.

Compensation and benefit expenses

Fixed salaries and staff benefits slightly increased by HK$7.3 million to HK$129.9 million (2012: HK$122.6 million). The increase was mainly attributable to salary increments and the additional headcount costs incurred by non-wholly owned subsidiary in Chengdu.

Management bonuses amounted to HK$125.1 million for the year (2012: HK$68.2 million). This is consistent with the Group's compensation policy, which distributes 20% to 23% of the net profit pool every year as management bonuses to employees. The net profit pool comprises net profit before management bonuses and taxation, and after certain adjustments including cost of capital. This discretionary bonus promotes staff loyalty and performance, while aligning the interests of employees with those of shareholders.

Staff rebates increased to HK$4.5 million (2012: HK$2.9 million). Staff 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$8.2 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 & professional fees, investment research fees and other administrative and office expenses, amounted to HK$57.1 million (2012: HK$53.4 million).

Sales and marketing expenses rose to HK$16.4 million for the year (2012: HK$13.7 million) as a result of increased spending on advertising and distributor sponsorship.

Non-recurring expenses mainly consisted of donations. The Group entered into a partnership with the Hong Kong University of Science and Technology ("HKUST") in 2011, 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 and HK$1.8 million was donated in 2013.

Dividends

The Group has been practising 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 once a year at the end of each financial year to better align them with the Group's full-year performance.

For 2013, the Board of Directors recommended a final dividend of HK10.7 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 interest-bearing bond investments, and dividend income from investments held. During the year, the Group's balance sheet and cash flow positions remained strong, with a net cash balance of HK$692.1 million. Net cash inflows from operating activities amounted to HK$71.4 million, and the Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The Group's debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at zero while current ratio (current assets divided by current liabilities) came to 7.6 times.

Capital structure

As at 31 December 2013, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK$2,828.7 million and 1.76 billion, respectively.

1 *Performance of Value Partners Classic Fund (A Units) over past five years: 2009: +82.9%; 2010: +20.2%; 2011: -17.2%; 2012: +14%; 2013: +11.2%. Performance figures are calculated in US dollars on NAV to NAV, with dividends reinvested. Performance data is net of all fees.*

2 *Performance of Value Partners High-Dividend Stocks Fund (Class A1) over past five years: 2009: +82.8%; 2010: +25.8%; 2011: -11.9%; 2012: +25.2%; 2013: +8.1%. Performance figures are calculated in US dollars on 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.*

4 *Excluding AUM of VP Goldstate, in which the Group holds an ownership interest of 49%.*

HUMAN RESOURCES

As at 31 December 2013, the Group employed a total of 126 staff (2012: 116) in Hong Kong and the research office in Shanghai, 24 staff (2012: 25) in Taiwan and 45 staff (2012: 27) in Chengdu. 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 HK10.7 cents per share for the year ended 31 December 2013. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2014, the final dividend will be payable on or about 23 May 2014 to the shareholders whose names appear on the Registers of Members of the Company at close of business on 9 May 2014. 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 Tuesday, 29 April 2014. Notice of the AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

1. AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 28 April 2014 to Tuesday, 29 April 2014 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 (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:00 p.m. on Friday, 25 April 2014.

2. Proposed Final Dividend

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 9 May 2014. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Wednesday, 7 May 2014 to Friday, 9 May 2014, 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 the abovementioned address not later than 4:00 p.m. on Monday, 5 May 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2013.

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 2013.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions in the Corporate Governance Code, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2013.

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 2013.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

The final results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.valuepartners.com.hk). The annual report will be despatched to 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
Dato' CHEAH Cheng Hye
Chairman and Co-Chief Investment Officer

Hong Kong, 13 March 2014

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