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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 2014

FINANCIAL HIGHLIGHTS

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

(In HK\$ million)	2014	2013	% Change
Total revenue	1,599.4	1,027.6	+55.6%
Gross management fees	748.0	603.9	+23.9%
Gross performance fees	659.2	317.0	+107.9%
Operating profit (before other gains/losses)	749.6	468.2	+60.1%
Profit attributable to equity holders of the Company	804.2	384.3	+109.3%
Basic earnings per share (HK cents)	45.4	21.9	+107.3%
Diluted earnings per share (HK cents)	45.3	21.8	+107.8%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	16.0	10.7	+49.5%
Special dividend per share (HK cents)	6.0	Nil	
Total dividends per share (HK cents)	22.0	10.7	+105.6%

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 2014 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 2014

	Note	2014 HK\$'000	2013 HK\$'000
Income			
Fee income and other revenue	2	1,599,445	1,027,581
Distribution and advisory fee expenses		(370,439)	(252,583)
Net fee income		1,229,006	774,998
Other income		30,047	45,205
Total net income		1,259,053	820,203
Expenses			
Compensation and benefit expenses	3	(402,514)	(267,725)
Operating lease rentals		(21,370)	(13,466)
Other expenses	4	(85,568)	(70,850)
Total expenses		(509,452)	(352,041)
Operating profit (before other gains/losses)		749,601	468,162
Net gains on investments		148,490	4,138
Net gains on investments held-for-sale		57,681	5,783
Impairment loss on goodwill and license		(26,300)	–
Impairment loss on investment in an associate		(10,100)	–
Changes in fair value of investment properties		–	(18,528)
Others		(9,350)	(1,060)
Other gains/(losses) – net	5	160,421	(9,667)
Operating profit (after other gains/losses)		910,022	458,495
Share of gain of an associate		20,626	1,181
Profit before tax		930,648	459,676
Tax expense	6	(129,247)	(78,430)
Profit for the year		801,401	381,246
Other comprehensive (loss)/income for the year			
– Items that may be subsequently reclassified to profit or loss			
Fair value gains/(losses) on available-for-sale financial assets		4,396	(5,000)
Foreign exchange translation		(12,260)	7,404
Other comprehensive (loss)/income for the year	7	(7,864)	2,404
Total comprehensive income for the year		793,537	383,650
Profit attributable to			
Equity holders of the Company		804,179	384,324
Non-controlling interests		(2,778)	(3,078)
		801,401	381,246
Total comprehensive income for the year attributable to			
Equity holders of the Company		798,510	386,813
Non-controlling interests		(4,973)	(3,163)
		793,537	383,650
Earnings per share for profit attributable to equity holders of the Company (HK cents per share)			
– basic	8	45.4	21.9
– diluted	8	45.3	21.8
Dividends (HK\$'000)	9	404,066	187,807

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		13,753	4,332
Intangible assets		32,406	55,614
Investment in an associate		102,651	92,125
Deferred tax assets		3,797	554
Investments	10	889,616	898,026
Other assets		8,703	9,044
Loan portfolio, net		141,031	98,837
		1,191,957	1,158,532
Current assets			
Investments	10	178,931	441,558
Investments held-for-sale	11	29,528	226,782
Fees receivable	12	693,600	386,398
Loan portfolio, net		171,093	132,882
Amounts receivable on sale of investments		254,935	13,437
Prepayments and other receivables		41,423	28,730
Time deposits		250,169	–
Cash and cash equivalents	13	1,551,001	692,116
		3,170,680	1,921,903
Current liabilities			
Accrued bonus		235,506	125,060
Distribution fee expenses payable	14	77,016	54,802
Other payables and accrued expenses		36,107	18,913
Short-term loan		62,420	–
Current tax liabilities		64,822	52,995
		475,871	251,770
Net current assets		2,694,809	1,670,133
Total assets less current liabilities		3,886,766	2,828,665
Non-current liabilities			
Accrued bonus		561	–
Net assets		3,886,205	2,828,665
Equity			
Capital and reserves attributable to equity holders of the Company			
Issued equity	15	1,336,979	889,213
Other reserves		191,186	192,811
Retained earnings			
– proposed dividends	9	404,066	187,807
– others		1,877,357	1,477,244
		3,809,588	2,747,075
Non-controlling interests		76,617	81,590
Total equity		3,886,205	2,828,665

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:

- Amendments to HKAS 32 “Financial instruments: presentation” (effective from 1 January 2014)
- Amendments to HKAS 36 “Impairment of assets” (effective from 1 January 2014)

New standards, amendments and interpretations issued but are not yet effective for the financial year beginning 1 January 2014 and have not been early adopted:

- HKFRS 9 “Financial instruments” (effective from 1 January 2018)
- HKFRS 15 “Revenue from contracts with customers” (effective from 1 January 2017)

2. TURNOVER AND REVENUE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Management fees	748,040	603,870
Performance fees	659,240	316,988
Front-end fees	132,126	87,535
Total fee income	1,539,406	1,008,393
Interest income from loan portfolio	55,466	17,992
Fee income from loan portfolio	4,573	1,196
Total turnover and revenue	1,599,445	1,027,581

3. COMPENSATION AND BENEFIT EXPENSES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Salaries, wages and other benefits	160,092	132,510
Management bonus	235,816	125,060
Share-based compensation	4,044	8,214
Pension costs	2,562	1,941
Total compensation and benefit expenses	402,514	267,725

4. OTHER EXPENSES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Marketing expenses	15,286	13,230
Research expenses	11,590	10,776
Charge of loan impairment allowances	8,346	1,534
Travelling expenses	7,247	5,719
Depreciation and amortization	6,431	5,968
Office expenses	6,144	4,925
Auditor's remuneration	3,849	4,126
Insurance expenses	3,764	3,678
Entertainment expenses	3,295	2,282
Recruitment expenses	3,213	1,698
Legal and professional fees	3,057	7,323
Transaction costs	2,393	1,981
Donations	1,830	1,870
Registration and licensing fees	1,438	1,097
Others	7,685	4,643
Total other expenses	85,568	70,850

5. OTHER GAINS/(LOSSES) – NET

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net gains on investments		
Gains on financial assets at fair value through profit or loss	162,845	118,522
Losses on financial assets at fair value through profit or loss	(16,223)	(121,229)
Gains on disposal of available-for-sale financial assets	3,734	7,932
Losses on disposal of available-for-sale financial assets	(1,866)	(1,087)
Gains on investments held-for-sale	57,681	5,783
Impairment loss on goodwill and license	(26,300)	–
Impairment loss on investment in an associate	(10,100)	–
Others		
Net foreign exchange losses	(9,650)	(732)
Gains on disposal of property, plant and equipment	300	–
Losses on disposal of subsidiaries	–	(328)
Changes in fair value of investment properties	–	(18,528)
Total other gains/(losses) – net	160,421	(9,667)

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 2014 at the rate of 16.5% (2013: 16.5%).

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	107,255	73,634
Overseas tax	29,738	4,685
Adjustments in respect of prior years	(4,503)	360
Total current tax	132,490	78,679
Deferred tax		
Origination and reversal of temporary differences	(3,243)	(249)
Total tax expense	129,247	78,430

7. OTHER COMPREHENSIVE (LOSS)/INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Available-for-sale financial assets		
Fair value gains/(losses) during the year	5,029	(6,119)
Reclassification adjustments for (losses)/gains included in profit or loss	<u>(633)</u>	<u>1,119</u>
Fair value gains/(losses) on available-for-sale financial assets	4,396	(5,000)
Foreign exchange translation	<u>(12,260)</u>	<u>7,404</u>
Total other comprehensive (loss)/income	<u><u>(7,864)</u></u>	<u><u>2,404</u></u>

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\$804,179,000 (2013: HK\$384,324,000).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 1,770,285,000 (2013: 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 1,770,285,000 (2013: 1,755,203,000) by 5,728,000 (2013: 3,855,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

9. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Proposed final dividend of HK16.0 cents (2013: HK10.7 cents) per ordinary share	293,866	187,807
Proposed special dividend of HK6.0 cents (2013: Nil) per ordinary share	<u>110,200</u>	<u>–</u>
Total dividends	<u><u>404,066</u></u>	<u><u>187,807</u></u>

The directors recommend payment of a final dividend of HK16.0 cents per ordinary share and a special dividend of HK6.0 cents per ordinary share. The estimated total final dividend and total special dividend, based on the number of shares outstanding as at 31 December 2014, are HK\$293,866,000 and HK\$110,200,000 respectively. Such dividends are to be approved by the shareholders at the Annual General Meeting of the Company on 30 April 2015 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	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Listed securities (by place of listing)						
Debt securities – Hong Kong	-	-	-	10,358	-	10,358
Debt securities – Singapore	-	-	-	93,306	-	93,306
Equity securities – China	178,931	244,874	-	-	178,931	244,874
Investment funds – Hong Kong	165,251	166,955	-	-	165,251	166,955
Market value of listed securities	344,182	411,829	-	103,664	344,182	515,493
Unlisted securities (by place of incorporation/establishment)						
Equity securities – Singapore	-	-	8,379	8,508	8,379	8,508
Investment funds – Australia	15,882	16,709	-	-	15,882	16,709
Investment funds – Cayman Islands	547,477	486,846	2,835	-	550,312	486,846
Investment funds – China	17,508	-	-	-	17,508	-
Investment funds – Ireland	105,614	97,883	-	-	105,614	97,883
Investment funds – Taiwan	3,201	3,353	-	-	3,201	3,353
Investment funds – United States	294	283	23,175	13,825	23,469	14,108
Fair value of unlisted securities	689,976	605,074	34,389	22,333	724,365	627,407
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	1,034,158	1,213,587	34,389	125,997	1,068,547	1,339,584
Representing:						
Non-current	855,227	772,029	34,389	125,997	889,616	898,026
Current	178,931	441,558	-	-	178,931	441,558
Total investments	1,034,158	1,213,587	34,389	125,997	1,068,547	1,339,584

(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	
	2014	2013
	HK\$'000	HK\$'000
Investment funds – Cayman Islands	-	197,160
Investment funds – Taiwan	29,528	29,622
Total investments held-for-sale	29,528	226,782

As at 31 December 2014 and 2013, 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Fees receivable that were past due but not impaired		
1 – 30 days	754	751
31 – 60 days	72	498
61 – 90 days	198	385
Over 90 days	911	509
	<u>1,935</u>	<u>2,143</u>
Fees receivable that were within credit period	<u>691,665</u>	<u>384,255</u>
Total fees receivable	<u>693,600</u>	<u>386,398</u>

13. CASH AND CASH EQUIVALENTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cash at banks and in hand	178,158	156,720
Short-term bank deposits	1,200,717	531,894
Deposits with brokers	172,126	3,502
Total cash and cash equivalents	<u>1,551,001</u>	<u>692,116</u>

14. DISTRIBUTION FEE EXPENSES PAYABLE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	76,946	53,194
31 – 60 days	11	797
61 – 90 days	35	811
Over 90 days	24	–
Total distribution fee expenses payable	<u>77,016</u>	<u>54,802</u>

15. ISSUED EQUITY

	Number of shares	Issued equity <i>HK\$'000</i>
As at 1 January 2013 and 31 December 2013	<u>1,755,202,800</u>	<u>889,213</u>
As at 1 January 2014	1,755,202,800	889,213
Shares issued upon exercise of share options	81,462,031	447,766
As at 31 December 2014	<u>1,836,664,831</u>	<u>1,336,979</u>

CHAIRMAN'S STATEMENT

Value Partners performed strongly in 2014, so much so a “positive profit alert” had to be issued just after yearend to let the public know that a jump in earnings was to be expected. Indeed, net profit in 2014 came to HK\$804 million (earnings per share of HK45.4 cents), 109% higher than the previous year.

Our business advanced on all fronts, including much-improved management and performance fees, as well as a healthy increase in assets under management (“AUM”), which ended the year at US\$12.9 billion, compared to the year-earlier figure of US\$10.5 billion. Group operating profit, which reflects the actual operating business, totalled HK\$750 million, 60% more than in 2013. (The remaining profit came from treasury operations, which refer to returns from investing our own capital, a major part of which is subscribed to our funds, side-by-side with clients.)

For 2014, we achieved a return on equity (“ROE”) of 26.8%, which is pretty nice compared to the previous year's 14.6%.

Clearly, we have strengthened further our position as one of the very largest 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 2014 of HK16 cents. In addition, reflecting the robust results, we propose a special dividend of HK6 cents, making a total of HK22 cents for the year, compared to the dividend of HK10.7 cents paid in 2013.

Favorable trend

Our performance is discussed in detail in the accompanying report from our Chief Executive Officer (“CEO”). We are a major beneficiary of the long-overdue recovery in China-related stockmarkets that came late last year, and this is a recovery that we think has only just begun. President Xi Jinping's reforms place China in very much the correct direction. We welcome the program of deregulation, market-opening, economic re-balancing, more respect for the rule of law and the drive against bad practices in the government and corporate sectors. We foresee that this will lead in coming years to a significant expansion in the price-earnings multiples of Chinese stocks, which currently trade at only 10 times earnings for the “H” shares listed in Hong Kong, and 12 times for the “A” shares in Shanghai.

(Despite our optimism, we recognize that many investors remain wary about the China story, particularly as the country's development model matures, resulting in a slower growth rate. No doubt, it is going to be a volatile market. But we are confident that the medium-term outcome of improving governance and a better-quality economy is higher stock valuations.)

The favorable trend benefits the performances and subscriptions of Value Partners' funds and helps in other ways too. For example, access to China's domestic markets and savings are being liberalized through such breakthroughs as the “Shanghai-Hong Kong Stock Connect,” which provides a linkage between the two stock exchanges, and the coming mutual recognition of funds, a scheme allowing funds domiciled in either Hong Kong or the Chinese mainland to be sold to investors in the other's market. (A “Shenzhen-Hong Kong Stock Connect” is likely to emerge this year, as well, and there is also talk of a “bond connect” scheme.)

For Value Partners, this really improves our business scope and resources, and which, in turn, stimulates recognition of our brand across the Asia-Pacific region. We are able to broaden our menu of product offerings and strengthen our network, including the opening of a wholly owned asset management firm in Singapore in 2014 to serve the Southeast Asian market. We recently launched our first global fund – the Value Partners Global Contrarian Fund¹. We have also expanded our presence in fixed-income and exchange-traded fund products, as well as greatly strengthened our line-up of core products, which are equity funds covering the Asia-Pacific region.

Value-investing specialist

We think that at this stage, it is critical for us not to lose sight of where we come from – as a specialist in value-investing, dedicated to investment performance. We coined the term “Temple of Value-Investing” to describe our franchise. Thus, amid all the excitement arising from the new business opportunities, our highest priority remains unchanged: top-quality fund management, including class-leading investment research and execution. Indeed, during the year under review, a good part of our much-improved revenues was ploughed back into the never-ending upgrade of our investment, dealing and client-service teams and systems.

Our dedication produced results. To cite one example, in 2014, our flagship Value Partners Classic Fund (US\$1.47 billion in size) was ranked the No. 1 performer out of 34 funds in the Greater China equity category² by Morningstar, Inc., a leading rating agency in the mutual fund industry. Since the beginning of 2014, Value Partners Group and its funds have reaped a new harvest of 14 awards and prizes, including the DHL/South China Morning Post Enterprise Award (the second time we’ve won this particular award, the first being in 2005, each time from a different panel of judges). Indeed, since inception in 1993, Value Partners has won close to 100 performance awards and prizes.

We believe that in the financial services industry today, asset management occupies a particularly sweet spot. The world’s aging population and abundant liquidity create huge pools of money requiring professional management. For Value Partners, there is plenty of room to grow.

To our clients, employees, shareholders and friends who have now supported us for 22 years – we remain deeply grateful and we will work hard to be deserving of your trust.

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

¹ *The fund is not authorized by the Securities and Futures Commission and its shares are not available to the general public in Hong Kong.*

² *Refers to one-year performance of the fund in 2014. Data as of 31 December 2014. Performance for Classic Fund (A Units) over past five years: 2010: +20.2%, 2011: -17.2%, 2012: +14.0%, 2013: +11.2%, 2014: +13.5%, 2015 (Year to date as at 28 February): +2.7%.*

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

REPORT OF THE CHIEF EXECUTIVE OFFICER

A year of harvest poised for further growth

2014 is a year with notifiable achievements. Leveraging the solid foundation of Value Partners and capturing the resurgence in investment interests, the Group ended last year on a high note with net sales and assets under management (“AUM”) reaching an all-time high, net profit doubling from a year ago and overseas footprints continuing expanding in the region.

In the year ended 31 December 2014, profit attributable to our equity holders surged 109% to HK\$804 million from HK\$384 million a year earlier, mainly driven by sizable increase in management fees and performance fees¹, as well as significant growth in net fair value gains of the Group’s treasury operations, which mainly includes the Group’s investments in its own funds that were made side-by-side with clients. Earnings per share increased to HK45.4 cents (2013: HK21.9 cents). Details of our profit drivers are illustrated below:

- (1) The Group’s AUM rose to US\$12.9 billion as of the end of 2014 from US\$10.5 billion a year earlier as fund inflows increased since July 2014, bolstering gross management fees by 24% to HK\$748 million (2013: HK\$604 million). Annualized net management fee margin maintained at 61 basis points. Since the beginning of 2015, AUM of the Group continued to grow and hit a new record of US\$13.3 billion as of the end of January.
- (2) Performance fees grew substantially to HK\$659 million from HK\$317 million in 2013. High-dividend stocks in Asia were preferred during the year as benchmark yields fell amid a loosening global monetary environment. China A shares also gained momentum because of China’s further opening of its capital market. The improvement in sentiment and upward adjustments of our high conviction positions contributed to our funds’ exemplary performance. As of the end of 2014, most of our funds have surpassed their high watermarks. In particular, Value Partners Classic Fund and Value Partners High-Dividend Stocks Fund, our two largest own branded funds, exceeded their respective high watermarks by 16% and 11%, contributing to the surge in fee income.
- (3) In terms of expenses, the Group continued to exercise stringent cost management. Total expenses before management bonuses increased 21% during the year. In particular, fixed costs of fund management business remained well covered by net management fees (a relatively stable source of income that excludes other revenue sources such as performance fees) at a coverage ratio of 2.6 times.
- (4) As a result of enhanced fee income and effective cost control, operating profit before other gains or losses rose 60% to HK\$750 million (2013: HK\$468 million).
- (5) The outstanding fund performance and an increase in investments amid an upward trend boosted net fair value gains of the Group’s treasury operations significantly. Net fair value gains, which include our seed capital investments and investments in our own funds, surged to HK\$110 million in 2014 from a net fair value loss of HK\$42 million a year earlier. Seed capital investments were made by the Group to provide initial capital for new funds in the early phase of fund launch.

We are pleased to propose a final dividend of HK16.0 cents per share for 2014 and a special dividend of HK6.0 cents per share amid the Group’s encouraging performance (2013 final dividend: HK10.7 cents; 2013 special dividend: Nil).

Expanding across businesses

Founded in Hong Kong in 1993, Value Partners has evolved as one of Asia's largest asset management companies that seeks to offer world class investment services and products. The Group has been shoring up its international presence with gradual expansion across businesses. In 2014, encouraging development was made to strengthen distribution capabilities, broaden range of product offerings, deepen China presence and burgeon into new strategic markets.

1. A strong brand and extensive distribution network

Net sales of the Group rose 39% to a new record of US\$1.9 billion in 2014 (2013: US\$1.3 billion) as excellent fund performance and enlarged distribution network brought about increasing inflows. Value Partners Classic Fund, our flagship product, was ranked first in a 34-member Greater China equity category² by Morningstar, Inc., a leading provider of independent investment research. In addition, some of the Group's products that are authorized³ by Hong Kong's Securities and Futures Commission ("SFC") for retail distribution, such as Value Partners High-Dividend Stocks Fund, China Convergence Fund and Chinese Mainland Focus Fund, were ranked among the top 25% in their respective Morningstar categories². Meanwhile, global capital was seen to be flowing into Asia and chasing after yields. With a strong competitive edge in the high yield space, the Group successfully captivated this group of investors.

The Group's best-in-class products also widened the reach to investors with an extensive distribution network. Our best-selling funds – Value Partners High-Dividend Stocks Fund and Value Partners Greater China High Yield Income Fund – were included as focus funds in prominent local, Chinese and international retail and private banks. In addition, some of these leading distributors also put our newly launched funds, namely Value Partners New China Policy Fund⁴ and Value Partners Global Contrarian Fund⁴, onto their product shelves. Our growing new connections and maturing relationships, as well as marketing campaigns, bolstered the Group's net sales to an all-time high.

Looking forward, we will continue to deepen our collaboration with first-tier and second-tier retail banks, private banks, insurance companies and independent financial advisory firms in the region, particularly in Hong Kong, China and Singapore. We will also continue to explore opportunities from institutional clients, including sovereign wealth funds and pension funds, and look into enhancing direct connections with existing and potential high-net-worth clients.

2. An established platform and diversified products

Value Partners has been offering investors unique investment insights on the fast-growing China market over the past 22 years. Leveraging our core competence in the equity space, we have been building our fixed income capabilities in the past few years. In 2014, we further strengthened our competence in both asset classes and ventured into the global product space.

In the equity space, new products were introduced to capture investment opportunities arising from China's policy reform and the further opening of its capital market. In March, the Group launched Value Partners New China Policy Fund which seeks to invest in companies that will benefit from China's reform. The thematic fund has been popular among private banking clients.

Entering the second half of the year, Hong Kong and China stockmarkets rebounded significantly partly because of the implementation of the Shanghai-Hong Kong Stock Connect scheme and enhanced anticipation that A shares will be included in global indices. In October, we utilized our Renminbi Qualified Foreign Institutional Investor (“RQFII”) quota and launched the Group’s first RQFII fund – Value Partners China A-Share Select Fund – to garner offshore capital seeking to invest in China’s onshore market. The Fund, authorized³ by Hong Kong’s SFC, is an active equity fund available to retail investors. Envisaging the potentials for strong A-share performance, the Group also boosted the A-share allocation of existing funds during the year, underpinning the outstanding performance of our products. In the near term, the Group will also launch its first RQFII exchange-traded fund (“ETF”) – Value China A-Share ETF – which aims to offer potentially excess return through proprietary value stock screening.

In addition to our regional and single-market offerings, we introduced the Group’s first global product – Value Partners Global Contrarian Fund – in September. The Fund, with allocation spanning across Asia, the United States and Europe, invests primarily in undervalued companies that are out of favor while shorting fundamentally weak companies that are overhyped.

Looking forward, we will continue to broaden our product platform to meet the diversified needs of global investors. Fixed income solutions, regional offerings and products for new strategic markets would be our key focus areas in the near term.

3. A China story and overwhelming prospects

Riding on a strong franchise in Hong Kong, Value Partners has been expanding into strategic markets for growth beyond its home market. In 2014, milestones were achieved in our fund management business in China. While contribution from the business segment grew meaningfully to 13% of the Group’s sales from 4% in 2013, new business ties and new advisory mandates from mainland financial institutions also enabled the Group to capture inbound and outbound capital flow of China.

In July, the Group was awarded its second batch of Qualified Foreign Institutional Investor (“QFII”) quota of US\$100 million. The additional quota, which will be used to enhance our capability in attracting offshore capital that seeks to invest in China, was granted after we had obtained our first batch of US\$100 million quota in December 2012. Earlier in April, the Group received its second batch of RQFII quota, raising the total size to RMB1.3 billion. The RQFII quota will be applied to enhance existing funds and introduce new products.

On the outbound front, the Group partnered with the private banking unit of Bank of China Ltd. in launching a Qualified Domestic Institutional Investor (“QDII”) feeder fund that invests solely in our Value Partners High-Dividend Stocks Fund. This is the Group’s first established distribution channel that directly taps mainland capital flowing into offshore funds.

Meanwhile, we also fostered our ties with mainland financial institutions and won new investment advisory mandates to manage their asset pools on the mainland. For instance, the private banking unit of Industrial & Commercial Bank of China Ltd. (“ICBC”) awarded the Group an investment advisory mandate to manage some of its investments in preferred shares (“preferred shares” generally pay fixed dividends but lack voting rights as ordinary shares do). In addition, we were selected by the asset management arm of ICBC to manage part of its A-share investments.

Looking forward, we will primarily focus on developing mandates with mainland institutional investors and continue to apply for respective QDII, QFII and RQFII quotas, as well as Qualified Domestic Limited Partner (“QDLP”) qualifications, to garner cross-border fund flows. (The QDLP program allows overseas hedge funds to raise Renminbi capital from high-net-worth individuals and institutional investors on the mainland and invest the capital in securities markets overseas.) We will also substantiate partnerships with domestic banks and insurers to expand our advisory presence in mainland China.

4. A new market and strategic expansion

Elsewhere in Singapore, we are pleased to announce the establishment of Value Partners Asset Management Singapore Pte Ltd. in the second half of 2014. The wholly owned subsidiary will initially focus on serving institutional and private bank clients in Singapore and nearby Southeast Asian markets; and gradually become a full-fledged fund management operation with investment research and product development functions.

In 2015, the Group will continue to tap into new strategic markets to better serve clients on the other side of the globe and explore new business prospects.

5. A growing business with ample potentials

Chengdu Vision Credit Limited (“Vision Credit”) is a unit of the Group focusing on lending to the white collar, small-business entrepreneurs, as well as small and medium-sized enterprises in Chengdu. After two years of intensive growth, outstanding loan book of Vision Credit has grown to RMB250 million as of the end of 2014 (2013: RMB181 million) and loan quality has remained in good condition. The unit contributed HK\$16.6 million of profit to the Group last year, increasing from HK\$2.3 million a year earlier.

In 2015, Vision Credit will further penetrate in Sichuan province and strengthen its business network.

Leading the way in Asia

Value Partners’ fund management capabilities and investment performance were highly recognized during the year with the addition of four renowned corporate awards and a series of other fund awards, bringing the Group with almost 100 prizes today since our establishment in 1993. In the *AsiaHedge’s* awards in 2014, Value Partners was named Management Firm of the Year, the second time that we won this highly coveted award since 2010. Good news comes in pairs. In the Hong Kong Business Award 2014 organized by DHL and *South China Morning Post*, a distinguished title for entrepreneurs and companies that have made important contributions to Hong Kong and the neighboring Pearl River Delta, Value Partners was given the Enterprise Award after receiving it in 2005. Meanwhile, we were also crowned Asian Fund House of the Year in *AsianInvestor’s* Investment Performance Awards 2014 and Asset Management Company of the Year for Hong Kong in *The Asset’s* Triple A Investor and Fund Management Awards 2014.

On top of the esteemed house awards above, Value Partners was named “Outstanding Achiever” in the China equity and high yield fixed income categories in *Benchmark’s* Fund of the Year Awards 2014⁵. In addition, our High-Dividend Stocks Fund, designed to capture strong dividend plays across Asia Pacific, was named the Best Asia ex-Japan Equity Fund in the Morningstar Awards 2014⁵ and the Best Asia ex-Japan Equity Fund (5 years) in the Lipper Fund Awards 2014⁵. In the ETF space, we have also won several capability titles. Value Japan ETF was crowned “Best-in-Class” in the group of Japan large-cap equity ETF in *Bloomberg Businessweek’s* Top Fund Awards 2014⁶ while Value Taiwan ETF was named “Best-in-Class” in the Taiwan equity ETF category in *Benchmark’s* Fund of the Year Awards. The above reiterates industry recognition to the excellent performance and long-term track record of our funds.

Appreciation

While winning recognitions from our fund investors, we have also strengthened investor relation dialogues with investment banks, brokerage firms and potential investors, raising the Group's awareness in the financial community.

Last but not least, we want to take this opportunity to convey our heartfelt thanks to our diligent team for their dedication and pursuit of performance excellence. We would also like to express our gratitude to all investors, business partners and shareholders.

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

1 Performance fees are generated when funds, at the dates of their performance fee crystallization, reported returns exceeding their benchmarks or high watermarks for the respective periods.

2 Refers to one-year performance of the funds in 2014. Data as of 31 December 2014. Performance for Classic Fund (A Units) over past five years: 2010: +20.2%, 2011: -17.2%, 2012: +14.0%, 2013: +11.2%, 2014: +13.5%, 2015 (Year to date as at 28 February): +2.7%. Performance for High-Dividend Stocks Fund (Class A1) over past five years: 2010: +25.8%, 2011: -11.9%, 2012: +25.2%, 2013: +8.1%, 2014: +9.4%, 2015 (Year to date as at 28 February): +2.0%. Performance for China Convergence Fund over past five years: 2010: +21.3%, 2011: -22.4%, 2012: +9.3%, 2013: +9.2%, 2014: +14.6%, 2015 (Year to date as at 28 February): +3.2%. Performance for Chinese Mainland Focus Fund over past five years: 2010: +23.9%, 2011: -17.8%, 2012: +11.6%, 2013: +8.3%, 2014: +10.6%, 2015 (Year to date as at 28 February): +1.1%. High-Dividend Stocks Fund belongs to the Asia ex-Japan equity category of Morningstar while China Convergence Fund and Chinese Mainland Focus Fund belong to the China equity category.

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 These funds are not authorized by the SFC and their shares are not available to the general public in Hong Kong.

5 Benchmark Fund of the Year Awards 2014 were based on data as of 30 September 2014. The 2014 Morningstar Awards were based on data of eligible funds in their respective Morningstar categories as of 31 December 2013. The 2014 Lipper Fund Awards were based on data as of 31 December 2013.

6 Performance for Value Japan ETF since launch: 2012: +3.1%, 2013: +18.0%, 2014: -3.5%, 2015 (Year to date as at 28 February): +10.8%. Performance for Value Taiwan ETF since launch: 2012: +10.8%, 2013: +8.2%, 2014: +8.3%, 2015 (Year to date as at 28 February): +4.0%.

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

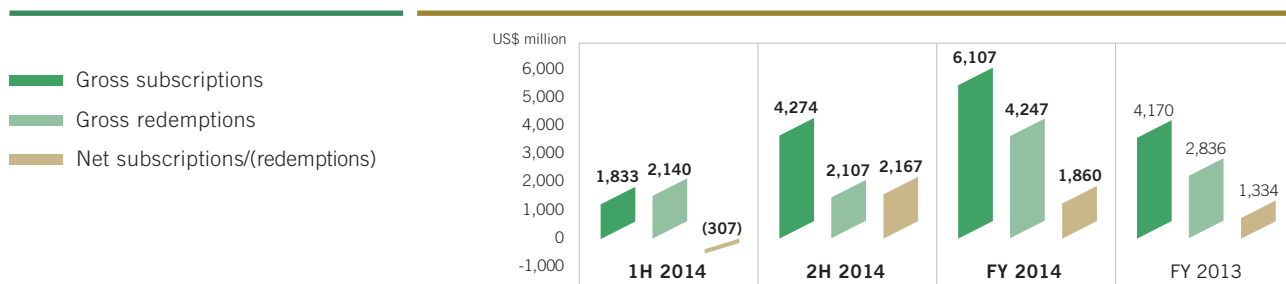
FINANCIAL REVIEW

Assets Under Management

AUM and return

The Group's AUM increased to US\$12,895 million at the end of December 2014 (2013: US\$10,489 million) on the back of strong sales and fund performance in 2014, particularly in the second half of the year. Net subscriptions rose to a record high of US\$1,860 million during the year while positive fund returns amounted to US\$690 million. Our overall fund performance, calculated in asset-weighted average return of funds under management, gained 6.5% in 2014. Among all, Value Partners Classic Fund¹, our flagship product, generated solid returns of 13.5% in the year while Value Partners High-Dividend Stocks Fund², the Group's largest public fund³ in Hong Kong, recorded a gain of 9.4%.

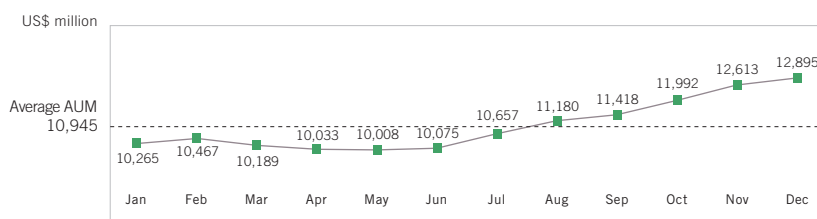
Gross subscriptions for the second half of 2014 increased to US\$4,274 million from US\$1,833 million in the first half, bolstering annual subscriptions for 2014 significantly to US\$6,107 million from a year earlier (2013: US\$4,170 million). Meanwhile, gross redemptions for the second half of 2014 declined slightly to US\$2,107 million from US\$2,140 million in the first half, bringing the full-year total to US\$4,247 million (2013: US\$2,836 million). All in all, net subscriptions reached an all-time high of US\$1,860 million in 2014 (2013: US\$1,334 million).



AUM Change in the year 2014⁴

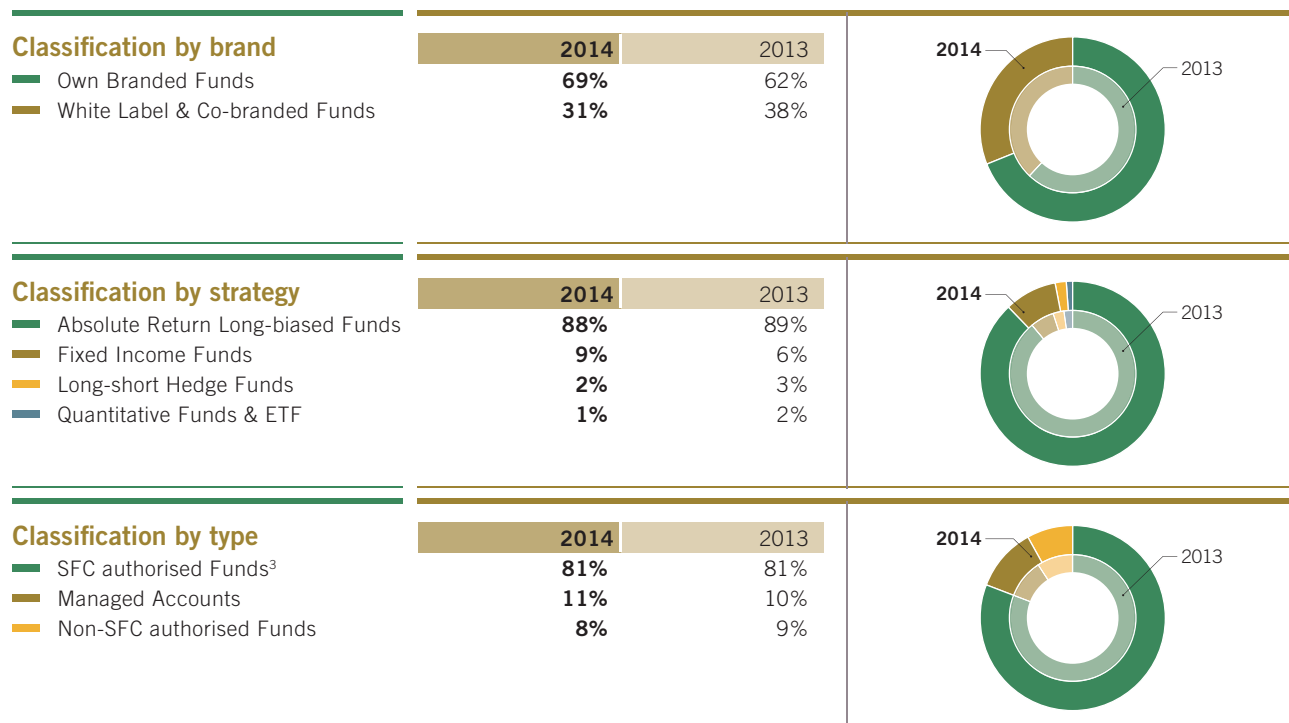


Monthly AUM in the year 2014



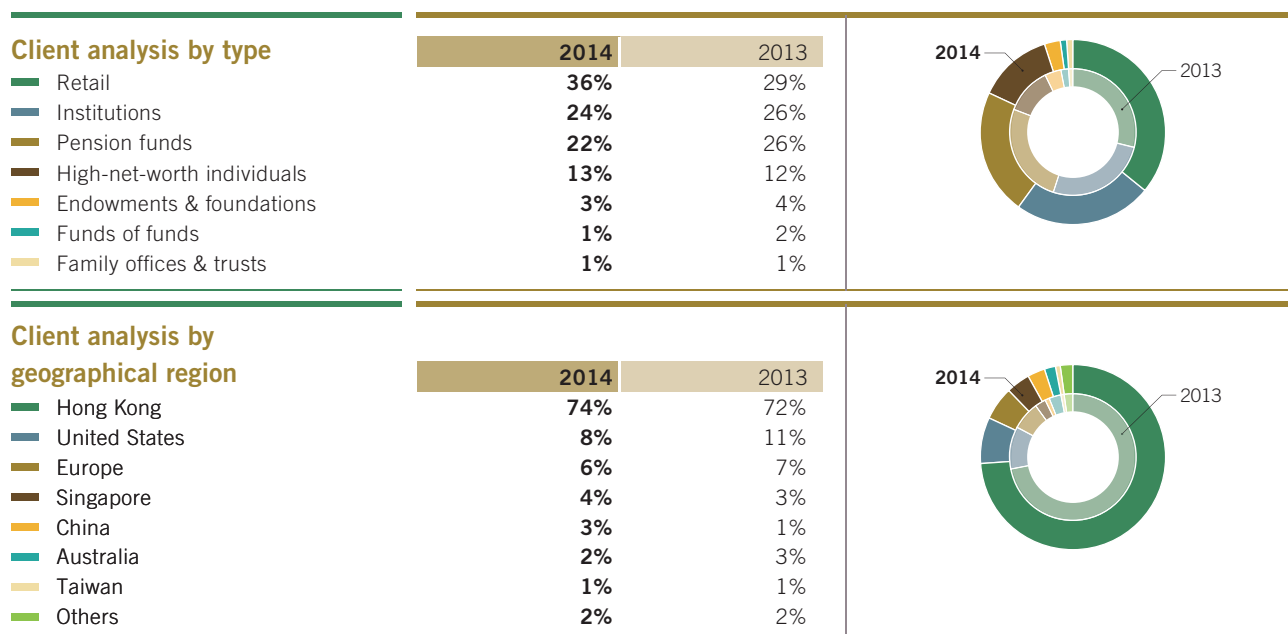
AUM by category

The charts below provide an analysis of the Group's AUM as at 31 December 2014 by three different classifications: brand, strategy and fund type. During the year, contribution from Own Branded Funds (69%) continued to rise because of higher fund inflows into Value Partners' own branded products amid the Group's expansion in distribution network. In terms of strategy, our Absolute Return Long-biased Funds continued to represent the majority of our funds (88%), followed by our Fixed Income Funds (9%), in which the largest share was taken up by our Greater China High Yield Income Fund. In terms of fund type, Hong Kong Securities and Futures Commission ("SFC") authorized funds³ (i.e. public funds in Hong Kong) remained the largest portion of our AUM (81%).



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 – continued to be the Group’s primary set of fund investors, accounting for 64% of our AUM (2013: 71%). In particular, the increase in AUM from HNWs was attributable to the Group’s expanded business relationship with private banks in the region. Meanwhile, fund inflows from retail investors increased to 36% of total AUM (2013: 29%) as a result of our widened distribution network, which includes retail banks. In terms of geographical location, Hong Kong clients accounted for 74% of the Group’s AUM (2013: 72%) while United States and Europe took up 14% (2013: 18%).



Summary of results

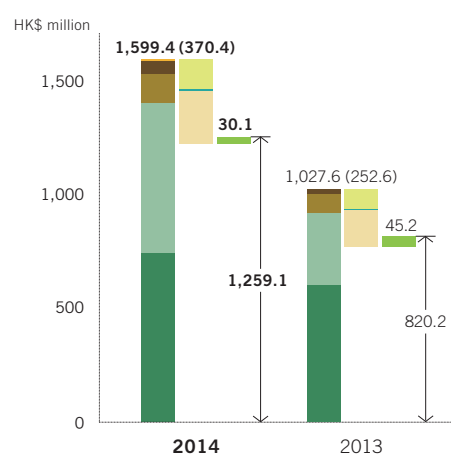
Key financial highlights for the reporting period are as follows:

(In HK\$ million)	2014	2013	% Change
Total revenue	1,599.4	1,027.6	+55.6%
Gross management fees	748.0	603.9	+23.9%
Gross performance fees	659.2	317.0	+107.9%
Operating profit (before other gains/losses)	749.6	468.2	+60.1%
Profit attributable to equity holders of the Company	804.2	384.3	+109.3%
Basic earnings per share (HK cents)	45.4	21.9	+107.3%
Diluted earnings per share (HK cents)	45.3	21.8	+107.8%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	16.0	10.7	+49.5%
Special dividend per share (HK cents)	6.0	Nil	
Total dividends per share (HK cents)	22.0	10.7	+105.6%

Revenue and fee margin

Breakdown of total net income

(In HK\$ million)	2014	2013
Revenue		
Management fees	748.0	603.9
Performance fees	659.2	317.0
Front-end fees	132.1	87.5
Interest income from loan portfolio	55.5	18.0
Fee income from loan portfolio	4.6	1.2
Distribution and advisory fee expenses		
Management fee rebate	(231.7)	(160.2)
Performance fee rebate	(8.2)	(7.4)
Other revenue rebate	(130.5)	(85.0)
Other income		
Other income	30.1	45.2



The Group's total revenue rose 55.6% from a year earlier to HK\$1,599.4 million in 2014 (2013: HK\$1,027.6 million). Gross management fees, the major contributor to our revenue, increased to HK\$748.0 million (2013: HK\$603.9 million) as a result of a 16.9% growth in the Group's average AUM to US\$10,945 million (2013: US\$9,361 million). With comparatively stronger inflows from distribution channels into our Own Branded Funds, annualized gross management fee margin increased to 88 basis points (2013: 83 basis points). Meanwhile, management fee rebates paid to distribution channels increased correspondingly by 44.6% to HK\$231.7 million (2013: HK\$160.2 million). As a result, annualized net management fee margin stood at 61 basis points (2013: 61 basis points).

Gross performance fees, another source of revenue, increased by HK\$342.2 million to HK\$659.2 million (2013: HK\$317.0 million). Performance fees are generated when funds, at the dates of their performance fee crystallization, report returns exceeding their benchmarks or high watermarks for the respective periods ended.

Other revenue mainly included front-end load, of which a substantial amount was rebated to distribution channels. Such rebates are a usual market practice. Other revenue also included HK\$60.1 million (2013: HK\$19.2 million) of interest and fee income generated from the loan portfolio of our non-wholly owned subsidiary, which operates and develops small loan business in Chengdu.

Other income, which mainly comprised dividend income and interest income, decreased to HK\$30.1 million (2013: HK\$45.2 million). Dividend income increased to HK\$14.3 million (2013: HK\$10.4 million) while interest income decreased to HK\$14.5 million (2013: HK\$32.7 million) as interest-bearing bond investments declined.

Other gains and losses

Breakdown of other gains/(losses) – net	(In HK\$ million)	2014	2013
Net gains on investments		148.5	4.1
Net gains on investments held-for-sale		57.7	5.8
Impairment loss on goodwill and license		(26.3)	–
Impairment loss on investment in an associate		(10.1)	–
Changes in fair value of investment properties		–	(18.5)
Others		(9.4)	(1.1)
		160.4	(9.7)

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

Investment in an associate

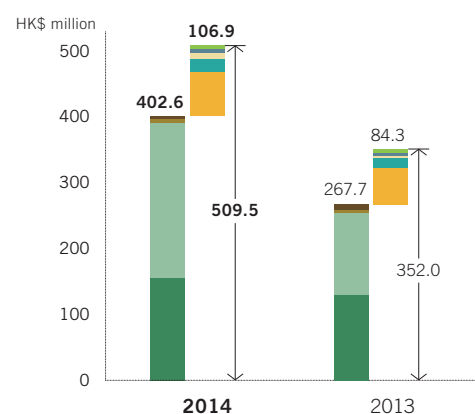
In March 2012, the Group acquired 49% interests in Goldstate Capital Fund Management Company Limited (“Goldstate Capital”). Goldstate Capital engages in asset management and trust businesses in mainland China. The Group’s share of gain amounted to HK\$20.6 million (2013: HK\$1.2 million).

Cost management

Breakdown of total expenses

(In HK\$ million)

(In HK\$ million)	2014	2013
Compensation and benefit expenses		
Fixed salaries and staff benefits	156.1	129.9
Management bonus	235.8	125.1
Staff rebates	6.6	4.5
Share-based compensation expenses	4.1	8.2
Other expenses		
Other fixed operating costs	66.9	55.6
Sales and marketing	19.9	16.4
Loan impairment allowances	8.3	1.5
Depreciation	6.4	6.0
Non-recurring expenses	5.4	4.8



The Group’s management continued to exercise stringent cost discipline and aimed to keep fixed operating expenses well covered by net management fee income, a relatively stable income source. This objective can be measured by “fixed cost coverage ratio”, an indicator showing the number of times that fixed operating expenses are covered by net management fee income. For the current year, the Group’s fixed cost coverage (for asset management business) was 2.6 times.

Compensation and benefit expenses

Fixed salaries and staff benefits rose by HK\$26.2 million to HK\$156.1 million (2013: HK\$129.9 million). The increase was mainly attributable to salary increments and the additional headcount costs incurred to cope with the Group's business expansion.

In line with the Group's compensation policy – which distributes 20% to 23% of the annual net profit pool as management bonuses to employees – management bonuses for the year amounted to HK\$235.8 million (2013: HK\$125.1 million). Net profit pool is derived by deducting certain adjustments, including cost of capital, from net profit before management bonuses and taxation. Discretionary bonus promotes staff loyalty and performance while aligning employee interests with shareholders'.

Staff rebates increased to HK\$6.6 million (2013: HK\$4.5 million). Staff of Value Partners are entitled to partial rebates of management fees and performance fees when investing in funds managed by the Group.

The Group also recorded expenses of HK\$4.1 million (2013: 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 and professional fees, investment research fees and other administrative and office expenses, amounted to HK\$75.2 million (2013: HK\$57.1 million).

Sales and marketing expenses for the year rose to HK\$19.9 million (2013: HK\$16.4 million) as a result of increased spending on advertising and distributor sponsorship.

Non-recurring expenses mainly comprised 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". The Group pledged to donate up to HK\$10.0 million in a five-year period and HK\$1.8 million were donated in 2014.

Dividends

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

For 2014, the Board of Directors recommended a final dividend of HK16.0 cents per share and a special dividend of HK6.0 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, as well as 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\$1,551.0 million. Net cash inflows from operating activities amounted to HK\$129.4 million. Bank balance of RMB50 million was pledged as collateral for the Group's banking facilities of RMB50 million. The Group's debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) was 0.02 times while current ratio (current assets divided by current liabilities) stood at 6.7 times.

Capital structure

As at 31 December 2014, the Group's shareholders' equity and total number of shares in issue stood at HK\$3,866.2 million and 1.84 billion, respectively.

1 *Performance of Classic Fund (A Units) over past five years: 2010: +20.2%; 2011: -17.2%; 2012: +14.0%; 2013: +11.2%; 2014: +13.5%; 2015 (Year to date as at 28 February 2015): +2.7%.*

2 *Performance of High-Dividend Stocks Fund (Class A1) over past five years: 2010: +25.8%; 2011: -11.9%; 2012: +25.2%; 2013: +8.1%; 2014: +9.4%; 2015 (Year to date as at 28 February 2015): +2.0%.*

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

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

5 *Goldstate Capital was formerly known as Value Partners Goldstate Fund Management Company Limited.*

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

HUMAN RESOURCES

As at 31 December 2014, the Group employed a total of 150 staff (2013: 125) in Hong Kong and the research office in Shanghai, 28 staff (2013: 24) in Taiwan, 79 staff (2013: 45) in Chengdu and 7 staff (2013: 1) in Singapore. Remuneration packages that take into account 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 HK16.0 cents per share and a special dividend of HK6.0 cents per share for the year ended 31 December 2014. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2015, the final and special dividends will be payable on or about 26 May 2015 to shareholders whose names appear on the Registers of Members of the Company at close of business on 11 May 2015. 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, 30 April 2015. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

1. AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Wednesday, 29 April 2015 to Thursday, 30 April 2015 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 28 April 2015.

2. Proposed Final and Special Dividends

The proposed final and special dividends are subject to the passing of an ordinary resolution by shareholders at the AGM. The record date for entitlement to the proposed final and special dividends is 11 May 2015. For determining the entitlement to the proposed final and special dividends, the Register of Members of the Company will be closed from Thursday, 7 May 2015 to Monday, 11 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final and special dividends mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at the abovementioned address not later than 4:00 p.m. on Wednesday, 6 May 2015.

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 2014.

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 2014.

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 2014.

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 2014.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

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

OUR APPRECIATION

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

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

Chairman and Co-Chief Investment Officer

Hong Kong, 12 March 2015

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.