

2015

ANNUAL REPORT

年報

 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)
(於開曼群島註冊之有限責任公司)

Stock Code 股份代號 : 806

Corporate profile

Value Partners Group is one of Asia's largest independent asset management firms that seeks to offer world class investment services and products. Assets under management of the firm was US\$15.6 billion as of 31 December 2015.

Since its establishment in 1993, the firm has been a dedicated value investor in Asia and the world. In November 2007, Value Partners Group became the first asset management firm listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 806 HK). In addition to its Hong Kong headquarters, the firm operates in Shanghai, Beijing, Singapore, Taiwan and Chengdu. Value Partners manages absolute return long-biased funds, long-short hedge funds, fixed income products, exchange-traded funds, as well as quantitative products for institutional and individual clients in Asia Pacific, Europe and the United States.

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7 facts about Value Partners

US\$ 15.6 billion⁽¹⁾ assets under management

15.5% annualized return and 2,530% cumulative return since launch in 1993 for Value Partners Classic Fund (A Units)⁽²⁾

2015 Top Fund Management Company⁽³⁾

120+ top performing awards and prizes since establishment

2,500 company visits and research meetings every year

60+ investment professionals focusing on Greater China and Asia investments

23 years of history weathered various financial crises regionally and globally

Footnote:

(1) As of 31 December 2015.

(2) As of 31 December 2015. Performance of Value Partners Classic Fund (A Units) over past five years: 2011: -17.2%; 2012: +14.0%; 2013: +11.2%; 2014: +13.5%; 2015: -1.5%.

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

Corporate information

Board of Directors

Chairman and Co-Chief Investment Officer

Dato' CHEAH Cheng Hye

Executive Directors

Ms. HUNG Yeuk Yan Renee

(Deputy Chief Investment Officer)

Mr. SO Chun Ki Louis

(Deputy Chairman and Co-Chief Investment Officer)

Mr. TSE Wai Ming, Timothy CFA

(Chief Executive Officer)

Independent Non-executive Directors

Dr. CHEN Shih-Ta Michael

Mr. LEE Siang Chin

Mr. Nobuo OYAMA

Non-executive Honorary Chairman

Mr. YEH V-Nee

Company Secretary

Ms. WONG Ngai Sze, Icy

Authorized Representatives

Mr. TSE Wai Ming, Timothy CFA

Ms. WONG Ngai Sze, Icy

Members of the Audit Committee

Mr. LEE Siang Chin *(Chairman)*

Dr. CHEN Shih-Ta Michael

Mr. Nobuo OYAMA

Members of the Nomination Committee

Dato' CHEAH Cheng Hye *(Chairman)*

Dr. CHEN Shih-Ta Michael

Mr. LEE Siang Chin

Mr. Nobuo OYAMA

Mr. TSE Wai Ming, Timothy CFA

Members of the Remuneration Committee

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

Dato' CHEAH Cheng Hye

Mr. LEE Siang Chin

Mr. Nobuo OYAMA

Mr. TSE Wai Ming, Timothy CFA

Members of the Risk Management Committee

Mr. HA Lok Man, Norman

Ms. LEE Vivienne

Mr. MO Chun Wah, Jonathan

Mr. SO Chun Ki Louis

Mr. TSE Wai Ming, Timothy CFA

Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Office

9th Floor, Nexus Building

41 Connaught Road Central

Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

Auditor

PricewaterhouseCoopers

Legal Advisor

Reed Smith Richards Butler

PRC Legal Advisor

LLinks Laws Offices

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

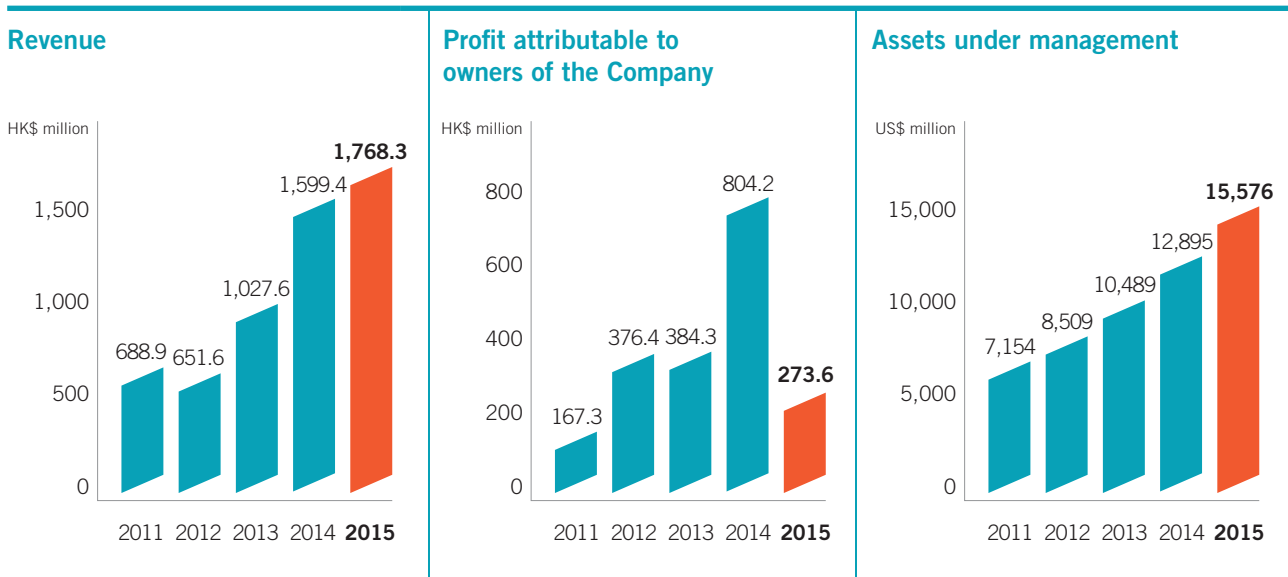
Website

www.valuepartners.com.hk

Stock Code

Stock Exchange of Hong Kong: 806

Financial highlights



(In HK\$ million)	Results for the year ended 31 December					
	2015	2014	% Change	2013	2012	2011
Revenue	1,768.3	1,599.4	+10.6%	1,027.6	651.6	688.9
Operating profit (before other gains/losses)	514.0	749.6	-31.4%	468.2	254.4	293.6
Profit attributable to owners of the Company	273.6	804.2	-66.0%	384.3	376.4	167.3
Earnings per share (HK cents)						
– Basic	14.8	45.4	-67.4%	21.9	21.4	9.5
– Diluted	14.8	45.3	-67.3%	21.8	21.4	9.5

(In HK\$ million)	Assets and liabilities as at 31 December					
	2015	2014	% Change	2013	2012	2011
Total assets	4,265.8	4,362.6	-2.2%	3,080.5	2,982.6	2,547.4
Less: Total liabilities	405.3	476.4	-14.9%	251.8	265.4	123.4
Total net assets	3,860.5	3,886.2	-0.7%	2,828.7	2,717.2	2,424.0

(In US\$ million)	Assets under management (“AUM”) as at 31 December					
	2015	2014	% Change	2013	2012	2011
AUM	15,576	12,895	+20.8%	10,489	8,509	7,154

Note: The above financial information was prepared based on the principal accounting policies as described in the notes to the consolidated financial statements.

Highlights of the year

Corporate activities and campaigns

Hang Seng Composite MidCap Index

Value Partners Group has become a constituent stock of the Index since 14 September 2015, reflecting the increase in trading turnover of the Group's shares. As a member of the Index, Value Partners Group is also included in the list of eligible stocks under the southbound route of Shanghai-Hong Kong Stock Connect, deepening the Group's presence among mainland investors.



Meeting our shareholders

The Group's Board of Directors and Independent Non-executive Directors meet our shareholders regularly, and three shareholder meetings were held in Hong Kong during the financial year.



Social media channels

Value Partners extended its reach to social media platforms in 2015 with the launch of its official LinkedIn and WeChat accounts. The number of followers for both accounts exceeded 1,000 in November 2015 and has been growing continuously.

Follow us on WeChat and LinkedIn!

惠理投資
WeChat 微信公眾號



Value Partners Group

Summer internship program

Value Partners has been keen to groom and nurture our next generation. In 2015, internships were offered to nine university students, including two students admitted through a cross-border pilot scheme organized by Hong Kong's Financial Services and the Treasury Bureau and the Shanghai Municipal Government Financial Services Office.



Highlights of the year

Corporate activities and campaigns

Annual Dinner 2015

Dato' CHEAH Cheng Hye, our Chairman and Co-Chief Investment Officer ("Co-CIO"), presented long service awards to colleagues who have worked at the company for over 5 and 10 years.



Soccer sixes tournament

In an inter-company game arranged by a leading investment bank, Value Partners colleagues formed two football teams and played against representatives from other financial institutions.



Bloomberg Square Mile Relay

Value Partners has sent three teams of 30 colleagues participating in the charity event, demonstrating great team spirit and the support for work-life balance.



Standard Chartered Hong Kong Marathon 2016

Invited by our business partner Standard Chartered to take part in the Leaders Cup, our Deputy Chief Executive Officer ("CEO") Mr. LAI Voon San represented the Group and completed the race with a number of business and political leaders.



Charity work in Chengdu

Colleagues at Chengdu Vision Credit, our small loan joint venture in mainland China, participated in several charity events where old clothing and new stationeries were gathered and donated to kids living in rural areas.



Highlights of the year

Client and distributor events

Client seminars in Singapore

Multiple seminars have been arranged for select high-net-worth customers to understand our investment views.



Events in Malaysia

Following the launch of our high dividend strategy in Malaysia with Affin Hwang Asset Management, our Senior Fund Manager Mr. Philip Li (center) shared insights on this strategy with gatekeepers and sales representatives of distributors. Seminars were also held in East and West Malaysia for high-net-worth investors with our partner.



Noah Annual Wealth Management Winter Conference in Shanghai

Our Chairman and Co-CIO Dato' CHEAH (left) and Deputy Chairman and Co-CIO Mr. Louis SO (right) were invited as keynote speakers for the annual conference.



Launch of Value Partners Multi-Asset Fund

With the launch of our first multi-asset fund, we hosted a seminar for our distributors to understand the features of the new product.



AIA Investment Seminar

Dato' CHEAH was a keynote speaker at a seminar hosted by AIA Hong Kong. At the event that was well attended by over 500 people, the senior management of AIA presented Dato' CHEAH a special souvenir.



Highlights of the year

Client and distributor events

Annual seminar with Manulife

In the annual investment seminar, Dato' CHEAH and Mr. Louis SO (center) presented the latest macroeconomic environment in China and how this has impacted the investment landscape.



Annual client dinner

As a gesture to thank our clients who have been supporting the Group in the past years, we have organized a dinner seminar.



Listing of the world's first value-based RQFII A-share ETF

Utilizing the Group's Renminbi Qualified Foreign Institutional Investor ("RQFII") quota, Value China A-Share ETF (stock code: 3095 HK/ 83095 HK) was listed in Hong Kong successfully in March 2015.



Fund summit with private banks

We participated in fund summits hosted by leading private banks in Hong Kong and Singapore, and continued to deepen relationships with our private bank partners in the region.



ETF Investment Expo 2015

In the major ETF event in Hong Kong, our booth attracted 22% more visitors this year with over 1,100 people attending. Our seminars were also well attended by an audience of over 600 people.



Highlights of the year

Public speeches and industry contributions

London Value Investor Conference 2015

Our Chairman and Co-CIO was among the world's leading value investors speaking at the 4th London Value Investor Conference. Dato' CHEAH talked about how the Chinese stockmarket has transformed from an ugly duckling to a beautiful princess.



Asia Value Investor Conference 2015

Following the success of the London Value Investor Conference, our Deputy CEO Mr. LAI was invited to talk about how value investing can be applied in China at the inaugural Asia Value Investor Conference in Hong Kong.



Harvard Business School Association of Hong Kong Signature Conference ("HBSAHK")

Dato' CHEAH (center) was invited to speak at HBSAHK's 4th signature annual conference where he addressed more than 300 Harvard alumnus, many of whom are C-suite executives and successful entrepreneurs.



AIMA in Asia 2016 Forum

Speaking at the flagship regional conference of Alternative Investment Management Association ("AIMA"), our CEO Mr. Timothy TSE was invited to speak to over 350 individuals from the hedge fund community, discussing China's onshore distribution initiatives and exploring the most impactful way to develop a cross-border strategy.



Highlights of the year

Public speeches and industry contributions

Value Partners Center for Investing

The Group has been supporting Value Partners Center for Investing since it was co-established by the Hong Kong University of Science and Technology and the Group in 2011. Speaking as a guest lecturer, our Deputy CEO Mr. LAI talked about how value investing works in Asia.



Sharing with university students

Dato' CHEAH shared his success story with students from a cross-university program called World Bachelor in Business ("WBB"). WBB offers students to live and study in three universities, located in Hong Kong (The Hong Kong University of Science and Technology), Los Angeles and Milan, during four years of study.



Financial Services and Development Council's ("FSDC") report on Hong Kong's ETF Market

As a member of Hong Kong's FSDC, Dato' CHEAH formulated a working group under this high-level government advisory body and released a report on strengthening Hong Kong's exchange-traded fund regime in October 2015. A press briefing was hosted by Dato' CHEAH on this research paper and the contents were widely reported in Hong Kong media.



Hong Kong Society of Financial Analysts' Best Research Report Competition

To help promote awareness and recognize excellence in fundamental research, Dato' CHEAH committed as a final round judge for the 2015 competition after taking up the same role in 2014.



Highlights of the year

2015/2016 major awards

AsianInvestor's
Asset Management Awards 2015

Value Partners High-Dividend Stocks Fund was named the “**Best Retail Product**” as it was recognized as an innovative and successful retail product tailored for Asian clients.



Mr. Timothy TSE, our CEO, accepted the Best Retail Product award at the presentation ceremony.

Asian Private Banker's
Asset Management Awards
for Excellence 2014/15

Value Partners was crowned “**Best Fund Provider – China Equity**” by Asian Private Banker, a prestigious industry publication established in 2009 for Asia's private banking community.



Mr. Raymond TAM, our Deputy CEO and Head of Sales, accepted the award on stage.

Benchmark Fund of the Year
Awards 2015

Value Partners was named **Outstanding Achiever** in the categories of **Asia ex-Japan Equity** and **High Yield Fixed Income**. In addition, our **Value Taiwan ETF** and **Value Japan ETF** were chosen as **Best-in-Class Taiwan Equity ETF** and **Best-in-Class Japan Equity ETF**, respectively.



Our colleagues from Investment Management Team and Business Team attended the award ceremony. Mr. Raymond TAM, our Deputy CEO and Head of Sales, accepted the awards on stage and made a speech.

Bloomberg Businessweek
Top Fund Awards 2015

Our flagship **Classic Fund** and **Value Taiwan ETF** were named **Outstanding Performers** in the **Greater China Equity** and **Taiwan Large-Cap Equity (ETF)** categories, respectively.



Mr. Raymond TAM (right), our Deputy CEO and Head of Sales, attended the award ceremony with our Managing Director of ETF Business Mr. William CHOW (center).

China Securities Golden
Bauhinia Awards 2015

Value Partners was crowned **Best Fund House** alongside four leading fund houses.



Mr. Timothy TSE (5th from the right), our CEO, was invited to deliver a speech at the award ceremony in Hong Kong.

Citywire: Dato' CHEAH topped
Greater China equity fund
manager ranking

Our Chairman and Co-Chief Investment Officer **Dato' CHEAH** was ranked first among 44 Greater China equity fund managers¹ tracked by Citywire, a London-based provider of news, analysis and fund manager performance for the asset management industry.

SECTOR STALWARTS		1
In Asia, we track 44 fund managers in the Equity Greater China sector. Top managers have more than two decades' experience, and six have a track record of more than 10 years.		
Cheng Hye Cheah, chairman of Hong Kong based group Value Partners, has 22 years' experience in investing in Greater China stocks.		
Emerging markets veteran Mark Mohlis of Franklin Templeton is ranked second, with 20 years and nine months' experience.		
Next is Hugh Young at Aberdeen Asset Management, who has been managing money in Chinese equity over 17 years.		
CHENG-HYE CHEAH	YEARS	22 02
Group: Value Partners		
MARK MOHLIS	YEARS	20 09
Group: Franklin Templeton Investments		
HUGH YOUNG	YEARS	17 09
Group: Aberdeen Asset Management		

The above Fund Manager Ranking was published in Citywire's July/August 2015 issue.

Highlights of the year

2015/2016 major awards

Fund Selector Asia Awards
Singapore 2016

Value Partners High-Dividend Stocks Fund, our largest own-branded fund, is named **Platinum winner of Asia-Pacific Equity**. Our fund outperformed a good mix of leading funds registered in Singapore and attained this highest honor in its category.



Mr. Alastair DING, our Sales Director in Singapore office, accepted the award at the presentation ceremony.

Value Partners on Forbes' list
of "Asia's 200 Best Under
A Billion"

In the annual ranking announced in June 2015, **Value Partners** was selected as **one of the 200 leading listed companies in Asia Pacific** with revenue between US\$5 million and US\$1 billion annually.



Our Deputy CEO Mr. LAI Voon San (center) received the award on stage at the ceremony in Malaysia.

HFM Asia Performance Awards
2015

Value Partners Classic Fund was named "**Best Greater China Fund Over \$500 million**". This is a highly acclaimed title recognizing an outstanding fund that delivers superior long-term performance over the past five years.



Mr. Raymond TAM, our Deputy CEO and Head of Sales, accepted the award from the organizer.

The Asset Triple A
Investor and Fund Management
Awards 2015

Value Partners was crowned "**Best Asset Management Company of the Year (Hong Kong)**", the second consecutive year we won this highly acclaimed title, strongly recognizing our consistent efforts in achieving above-benchmark performance across different asset classes for our institutional, corporate and retail clients.



Mr. Timothy TSE, our CEO, accepted the Best Asset Management Company award on stage.

The Asset's Asian G3 Bond
Benchmark Review 2015

Value Partners was named **Top Investment House** in the Asian G3 Bond category and our Senior Fund Manager **Mr. Gordon IP** was **ranked 7th among the Top 10 Astute Investors (Hong Kong)**.



Mr. Basil TAN and Ms. Adeline TAN, colleagues from our Singapore office, accepted the awards at the presentation ceremony in Singapore.

1. The Fund Manager Ranking was published in Citywire's July/August 2015 issue. Citywire tracks 44 Asian fund managers in the Greater China Equity sector among which 17 managers have more than 7 years' risk-adjusted performance history.

Chairman's Statement



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

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

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

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

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

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

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

Chairman's Statement

Prospects

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

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

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

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

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

Fundamental principles

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

To the many clients, employees and shareholders who have supported and encouraged us over the past 23 years, we shall always be grateful. With pride, we report that in 2015, Value Partners captured over 20 new performance awards, bringing our tally of awards since inception in 1993 to more than 120. The 2015 prizes include the "Longevity Award – Best Asset Management House over the last 20 years," received from *Asia Asset Management* in their 2015 Best of the Best Awards competition. We were also named "Best Equity Group" in the Thomson Reuters Lipper Fund Award 2016.

Dato' Cheah Cheng Hye

Chairman and Co-Chief Investment Officer

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

Report of the Chief Executive Officer

Standing firm in a volatile environment

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

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

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

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

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

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

Report of the Chief Executive Officer

Staying focused on strategic priorities

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

1. Diversifying product suite to weather all market cycles

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

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

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

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

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

2. Deepening distribution network for regional expansion

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

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

Report of the Chief Executive Officer

3. Tapping China fund flows with multi-prong approach

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

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

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

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

As for entering the public fund market in China, we have participated in MRF which allows Hong Kong-domiciled funds to be sold in China and China-domiciled funds to be sold in Hong Kong. While the MRF scheme only came into effect on 1 July 2015, our flagship Value Partners Classic Fund was among the 16 pioneering northbound MRF funds⁴ submitted for China Securities Regulatory Commission's approval. In the meantime, we have been in close discussions with distributors, including banks, securities companies, wealth management companies and online finance companies, to carry the fund on their platform. Once the MRF approval is granted, we will be able to directly tap China's individual investors in the public fund market.

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

Report of the Chief Executive Officer

4. Reshaping Taiwan business with institutional focus

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

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

5. Expanding strategically overseas for sustainable growth

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

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

6. Growing small loan business with prudence

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

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

Report of the Chief Executive Officer

Best Asset Management House over the last 20 years

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

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

Hang Seng Composite MidCap Index

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

Appreciation

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

TSE Wai Ming, Timothy CFA

Chief Executive Officer

Executive Director

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

Financial review

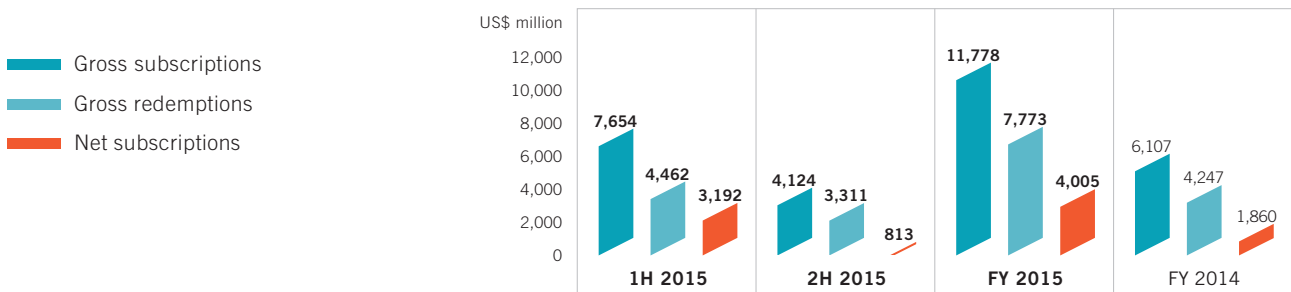
Assets Under Management

AUM and return

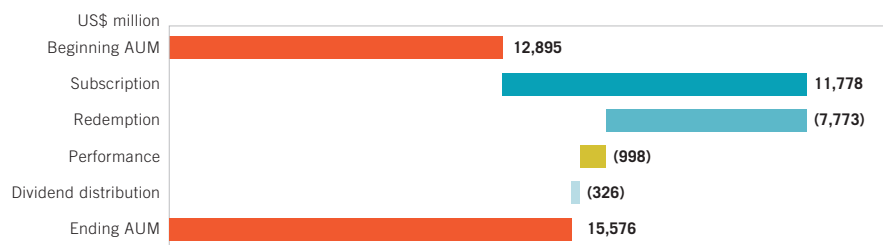
The Group's AUM increased to US\$15,576 million at the end of December 2015 (2014: US\$12,895 million) on the back of strong sales during the year, easing the drag from fund performance caused by weaknesses in China's stockmarkets since the second half of the year. Net subscriptions soared 115% during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

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

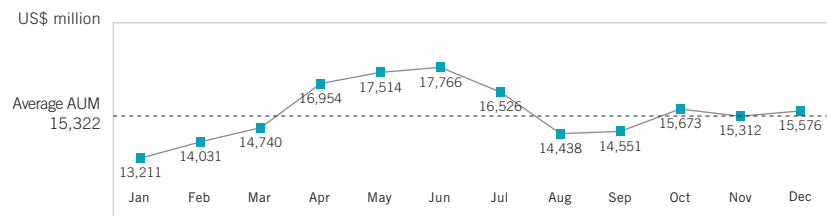
In the second half of 2015, gross subscriptions came down to US\$4,124 million from US\$7,654 million in the first half as investment sentiment turned sour. On a full-year basis, annual subscriptions for 2015 rose to US\$11,778 million from a year earlier (2014: US\$6,107 million). Meanwhile, gross redemptions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



AUM Change in the year 2015⁴



Monthly AUM in the year 2015



Financial review

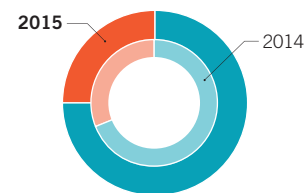
AUM by category

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

Classification by brand

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

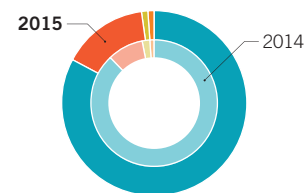
	2015	2014
Own Branded Funds	75%	69%
White Label & Co-branded Funds	25%	31%



Classification by strategy

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

	2015	2014
Absolute Return Long-biased Funds	83%	88%
Fixed Income Funds	15%	9%
Long-short Hedge Funds	1%	2%
Quantitative Funds & ETF	1%	1%



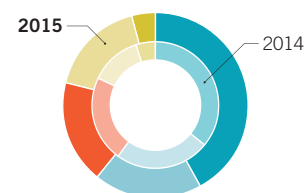
Client base

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

Client analysis by type

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

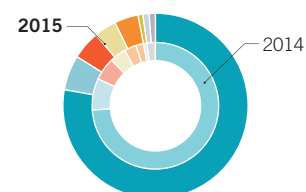
	2015	2014
Retail	42%	36%
Pension funds	19%	22%
Institutions	18%	24%
High-net-worth individuals	17%	13%
Others	4%	5%



Client analysis by geographical region

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

	2015	2014
Hong Kong	78%	74%
United States	6%	8%
Europe	5%	6%
China	4%	3%
Singapore	4%	4%
Australia	1%	2%
Taiwan	1%	1%
Others	1%	2%



Financial review

Summary of results

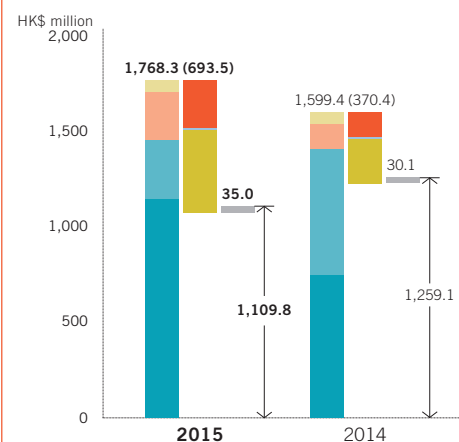
Key financial highlights for the reporting period are as follows:

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

Revenue and fee margin

Breakdown of total net income

(In HK\$ million)	2015	2014
Revenue		
Management fees	1,144.7	748.0
Performance fees	309.0	659.2
Front-end fees	251.8	132.1
Interest and fee income from loan portfolio	62.8	60.1
Distribution and advisory fee expenses		
Management fee rebate	(434.4)	(231.7)
Performance fees rebate	(8.3)	(8.2)
Other revenue rebate	(250.8)	(130.5)
Other income		
Other income	35.0	30.1



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

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

Financial review

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

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

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

Other gains and losses

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

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

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

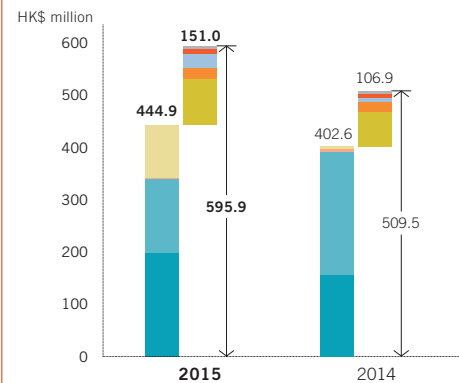
Financial review

Cost management

Breakdown of total expenses

(In HK\$ million)

	2015	2014
Compensation and benefit expenses		
Fixed salaries and staff benefits	199.3	156.1
Management bonus	141.7	235.8
Staff rebates	2.3	6.6
Share-based compensation expenses	101.6	4.1
Other expenses		
Other fixed operating costs	87.7	66.9
Sales and marketing	22.7	19.9
Loan impairment allowances	24.3	8.3
Depreciation	10.9	6.4
Non-recurring expenses	5.4	5.4



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

Compensation and benefit expenses

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

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

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

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

Financial review

Other expenses

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

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

Dividends

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

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

Liquidity and financial resources

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

Capital structure

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

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

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

Biographies of directors and senior management

Chairman

CHEAH Cheng Hye

Chairman and Co-Chief Investment Officer

Dato' CHEAH Cheng Hye, aged 62, is Chairman and Co-Chief Investment Officer ("Co-CIO") of Value Partners Group. He is in charge of Value Partners' operations, and is actively engaged in all aspects of the Group's activities, including investment research, fund management, business and product development, and corporate management. He sets the Group's overall business and portfolio strategy. (Note: In July 2010, Mr. Louis SO was promoted to become Co-CIO of Value Partners, working alongside Dato' CHEAH.)

Dato' CHEAH has been in charge of Value Partners since he co-founded the firm in February 1993 with his partner, Mr. V-Nee YEH. Throughout the 1990s, he held the position of Chief Investment Officer and Managing Director of Value Partners, responsible for managing both the firm's funds and business operation. He led Value Partners to a successful listing on the Main Board of the Hong Kong Stock Exchange in 2007. The firm became the first asset management company listed in Hong Kong. Dato' CHEAH has more than 30 years of investment experience, and is considered one of the leading practitioners of value-investing in Asia and beyond. Value Partners and he personally have received numerous awards – a total of more than 120 professional awards and prizes since the firm's inception in 1993.

In January 2015, Dato' CHEAH was appointed a member of the Financial Services Development Council ("FSDC") by the Hong Kong Special Administrative Region Government, following a two-year term as a member of the New Business Committee of FSDC since 2013. In addition, Dato' CHEAH has been a member of The Hong Kong University of Science and Technology ("HKUST") Business School Advisory Council since June 2011.

In 2013, Mr. CHEAH was conferred the title of "Dato'" – an honorary title that recognizes exceptional individuals – by the government in his home state of Penang, Malaysia. (The title comes with the award of an honorary "Darjah Setia Pangkuan Negeri".) In the same year, he was named an Honorary Fellow of the HKUST for outstanding achievements.

Dato' CHEAH was the co-winner of "CIO of the Year in Asia" along with Mr. Louis SO in the 2011 Best of the Best Awards by *Asia Asset Management*. In October 2010, he was named by *AsianInvestor* as one of the Top-25 Most Influential People in Asian Hedge Funds. In 2009, he was named by *AsianInvestor* as one of the 25 Most Influential People in Asian Asset Management. He was also named "Capital Markets Person of the Year" by *FinanceAsia* in 2007, and in 2003, he was voted the "Most Astute Investor" in the *Asset Benchmark Survey*.

Prior to starting Value Partners, Dato' CHEAH worked at Morgan Grenfell Group in Hong Kong, where, in 1989, he founded the Company's Hong Kong/China equities research department as the Head of Research and proprietary trader for the firm. Prior to this, he was a financial journalist with the *Asian Wall Street Journal* and *Far Eastern Economic Review*, where he reported on business and financial news across East and Southeast Asia markets. Dato' CHEAH served for nine years (1993 to 2002) as an independent non-executive director of Hong Kong-listed JCG Holdings, a leading microfinance company (renamed from 2006 as Public Financial Holdings).

Biographies of directors and senior management

Executive Directors

HUNG Yeuk Yan Renee

Deputy Chief Investment Officer
Executive Director

Ms. Renee HUNG, aged 41, is Deputy Chief Investment Officer of Value Partners Group, responsible for the overall management of the investment management team. She also holds a leadership role in the Group's investment process and commands a high degree of responsibility for portfolio management.

Ms. HUNG has extensive experience in the investment industry, with a solid track record in research and portfolio management. She joined the Group as an Analyst in April 1998. She was promoted to the roles of Fund Manager and Senior Fund Manager in 2004 and 2005, respectively. In March 2009, she was promoted to her current role of Deputy Chief Investment Officer.

Ms. HUNG has been serving as a Director of the Tung Wah Group of Hospitals ("TWGH") since April 2012. With over 145 years of history, TWGH is one of the largest charitable organizations in Hong Kong and provides medical and health, education as well as community services to the Hong Kong society.

Ms. HUNG graduated from the University of California in Los Angeles with a Bachelor's degree in Applied Mathematics.

SO Chun Ki Louis

Deputy Chairman and Co-Chief Investment Officer
Executive Director

Mr. Louis SO, aged 40, is Deputy Chairman and Co-Chief Investment Officer ("Co-CIO") of Value Partners Group, assisting Dato' CHEAH Cheng Hye, Chairman of the Board, in overseeing group affairs and activities, as well as daily operations and overall management of the firm's investment management team. He holds a leadership role in the Group's investment process, including a high degree of responsibility for portfolio management.

Mr. SO has over 15 years of experience in the investment industry, with a solid track record in research and portfolio management. He joined the Group in May 1999 and was promoted to take up various research and fund management roles since then. His extensive management capability and on-the-ground experience helped the Group establish an unparalleled research and investment team. In the 2011 Best of the Best Awards by *Asia Asset Management*, he was the co-winner of "CIO of the Year in Asia" along with Dato' CHEAH Cheng Hye.

Mr. SO graduated from the University of Auckland in New Zealand with a Bachelor's degree in Commerce and obtained a Master's degree in Commerce from the University of New South Wales in Australia.

Biographies of directors and senior management

TSE Wai Ming, Timothy CFA

Chief Executive Officer
Executive Director

Mr. Timothy TSE, aged 40, is Chief Executive Officer of Value Partners Group, responsible for the overall business development of the Group. He assumes a leadership role in devising corporate strategy, as well as managing the Group's business and corporate affairs. He leads the Group's efforts to provide best-in-class asset management services to top-tier institutional investors and distributors around the world. In addition to his responsibilities at the Hong Kong headquarters, he has been leading the Group's business initiatives in mainland China, Taiwan, Singapore and other overseas locations. He joined the Group in January 2007.

Mr. TSE serves as an executive committee member of Hong Kong Investment Funds Association, an executive committee member of the Alternative Investment Management Association in Hong Kong and a member of the Hong Kong General Chamber of Commerce's Financial and Treasury Services Committee. In China, he is a member of Asset Management Association of China's International Partners Committee.

Mr. TSE holds a Bachelor's degree in Business Administration from The Chinese University of Hong Kong. He is a CFA charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants.

Independent Non-executive Directors

CHEN Shih-Ta Michael

Dr. Michael Shih-Ta CHEN, aged 70, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

Dr. CHEN serves as Senior Advisor to the Director of the Case Research Center of Peking University, Guanghua School of Management. He was appointed as a member of Harvard Business School's Asia-Pacific Advisory Board and a member of the Investment Committee of the Croucher Foundation in Hong Kong in November 2014 and January 2015, respectively. He was the Executive Director of the Harvard Business School Asia Pacific Research Center, the first international research office established by the Harvard Business School in Asia. Prior to joining the Center in October 2005, he worked in both the private and public sectors. Previously, he served as Head of the Risk Management Unit of the Private Sector Operations Department of the Asian Development Bank, Head of International Private Banking in Hong Kong of Standard Chartered Bank, and Regional Director of National Westminster Bank. He served on the boards of a number of companies invested by Asian Development Bank. He also wrote cases and taught at various educational entities and universities.

Dr. CHEN graduated with a BA (Honors) Degree in Economics from the University of California, Berkeley in the U.S.A., received an MBA from Harvard University in the U.S.A. in 1972 and obtained a PhD in Economics from Cornell University in the U.S.A. in 1973.

Biographies of directors and senior management

LEE Siang Chin

Mr. LEE Siang Chin, aged 67, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

Mr. LEE currently serves as an Independent Non-executive Director for Maybank Investment Bank Bhd, Tune Insurance Malaysia Bhd, Star Publications (Malaysia) Bhd (a company listed on the Malaysian Stock Exchange) and Hilong Holding Ltd. (a company listed on The Stock Exchange of Hong Kong Limited). Mr. LEE previously served as Chairman and Managing Director of Surf88.com Sdn Bhd and AmSecurities Sdn Bhd, respectively. He also served as an Independent Non-Executive Director of the Social Security Organization of Malaysia and a member of its investment panel. He worked in corporate finance departments of leading investment banks in London, Sydney and Kuala Lumpur. In addition, Mr. LEE held various public offices. He was a board member of the Kuala Lumpur Stock Exchange and the President of the Association of Stock Broking Companies in Malaysia.

Mr. LEE became a member of the Malaysian Institute of Certified Public Accountants in 1975, and a Fellow of the Institute of Chartered Accountants in England and Wales in 1979.

Nobuo OYAMA

Mr. Nobuo OYAMA, aged 62, was appointed as an Independent Non-executive Director of Value Partners Group Limited on 22 October 2007.

Mr. OYAMA is currently an Adviser to Funai Kosan, Co., Ltd., Japan. Previously, he had over 30 years' experience in financial operations across Japan, United Kingdom and Hong Kong for Nichimen Corporation, Japan, including the Managing Director of Nichimen Co., (Hong Kong) Ltd. and Sojitz Trade & Investment Services (Hong Kong) Ltd. After leaving Nichimen/Sojitz Group, Mr. OYAMA served as a board member etc. of various venture companies, including PreXion Corporation, Japan, Yappa Corporation, Japan and TeraRecon Inc., USA. He was also the founder and Managing Director of Asiavest Co., Ltd., Japan.

In 2014, Mr. OYAMA was conferred the title of "Pingat Kelakuan Terpuji" (PKT) by the government of Penang, Malaysia. In September 2013, he was appointed by Invest-in-Penang Berhad, the state government agency, as "Honorary Industry Expert – Development of SMEs in Penang" to attract Japanese SMEs to invest in the state.

Mr. OYAMA received a Bachelor's degree in Economics from the Kobe University in Japan, and was awarded a Master's degree in Business Administration from Asia University, Tokyo, Japan. The university assigned to him "Global Human Resources Development Planner" in 2015. Mr. OYAMA is a Chartered Member of the Securities Analysts Association of Japan (CMA®).

Biographies of directors and senior management

Other Senior Management

CHOW Wai Chiu William

Managing Director, ETF Business

Mr. William CHOW, aged 40, is a Managing Director, ETF Business of Value Partners Group, where he leads the Group's exchange-traded funds (ETFs) business. Mr. CHOW joined the Group in February 2010.

Mr. CHOW has extensive experience in the ETF industry, with a solid track record in product development and strategy, as well as ETF portfolio management. Previously, he was a Senior Portfolio Manager at Blackrock North Asia Limited, participating in iShares ETF portfolio management. He was also the Lead Portfolio Manager of a number of ETFs established under iShares, including iShares FTSE A50 China Index ETF (one of the largest ETFs in Asia). Prior to joining iShares, Mr. CHOW spent four years at State Street Global Advisors Asia Limited ("SSgA") as a Portfolio Manager, responsible for various institutional equity indices, asset allocation and currency hedging strategies. Tracker Fund of Hong Kong is among the ETFs that were managed by him. Before joining SSgA, Mr. CHOW worked for UBS AG.

Mr. CHOW graduated with a Master's degree in Science in Operational Research from the London School of Economics and Political Science (UK). He also obtained a Bachelor's degree in Engineering (Hons) in Civil Engineering from the University College London (UK).

HO Man Kei, Norman CFA

Senior Investment Director

Mr. Norman HO, aged 49, is a Senior Investment Director of Value Partners Group, where he is a key leader in the Group's investment process, including a high degree of responsibility for portfolio management.

Mr. HO has extensive experience in the fund management and investment industry, with a focus on research and portfolio management. Mr. HO joined the Group in November 1995. He was promoted to the roles of Investment Director and Senior Investment Director in 2010 and January 2014, respectively. Prior to joining the Group, he was an Executive with Dao Heng Securities Limited and had started his career with Ernst & Young.

Mr. HO graduated with a Bachelor's degree in Social Sciences (majoring in Management Studies) from The University of Hong Kong. He is a CFA charterholder.

Biographies of directors and senior management

LAI Voon San CFA

Deputy Chief Executive Officer

Mr. LAI Voon San, aged 43, is Deputy Chief Executive Officer of Value Partners Group. He is a Senior Fund Manager of Value Partners Asset Management Singapore Pte. Ltd., leading portfolio management activities in the Group's Singapore office. Mr. LAI began his career as an Analyst of Value Partners from 1994 to 1996, and re-joined the Group in July 2013. He was promoted to Deputy Chief Executive Officer in June 2015.

Mr. LAI has over 20 years of experience in the industry with research expertise in the telecommunications and technology sectors. Prior to joining the Group, he was an Executive Director at Oppenheimer Investments Asia. Before that, he was Head of Asia TMT Research at MF Global, overseeing its Asian technology, media and telecommunications (TMT) research. He also held similar roles in both Standard Chartered Securities (formerly Cazenove Asia) and BNP Paribas Peregrine Securities. Prior to that, he worked at other financial firms, including Nomura and Bear Stearns, in the capacity of analyst and sales.

Mr. LAI graduated from the University of California in Los Angeles with a Bachelor's degree in Economics. He is a CFA charterholder.

LEE Vivienne

Chief Compliance Officer

Ms. Vivienne LEE, aged 42, is Chief Compliance Officer of Value Partners Group, where she oversees the Group's compliance function.

Ms. LEE has broad experience in the industry with a particular focus on compliance functions and scope, expertise in regulatory statutes, as well as other related functions. She joined the Group in May 2004 as an Assistant Compliance Manager. She was promoted to the roles of Compliance Manager, Senior Manager of Compliance and Compliance Director in 2004, 2005 and 2008, respectively. In May 2012, she was promoted to Chief Compliance Officer.

Previously, she was an Assistant Manager with the Hong Kong Securities and Futures Commission responsible for monitoring and inspecting portfolios of licensed intermediaries. Prior to that, she was a staff accountant in Ernst & Young responsible for providing financial audit and business advisory services to a number of companies.

Ms. LEE graduated from the University of New South Wales in Australia with a Bachelor's degree in Economics. She is a member of the CPA Australia.

Biographies of directors and senior management

MO Chun Wah, Jonathan

Chief Operating Officer

Mr. Jonathan MO, aged 44, is Chief Operating Officer of Value Partners Group, where he oversees the Group's middle- and back-office operations. Mr. MO joined the Group in July 2012 as Director, Operations, and was appointed to the role of Chief Operating Officer in July 2013.

Prior to joining Value Partners, Mr. MO worked at HSBC Institutional Trust Services ("HSBC") for a number of years. He was Head of Client Services, Alternative Products, a division providing fund administration, custodian and related services to managers of hedge funds and alternative funds operating in the Asia-Pacific region. In this role, Mr. MO was responsible for developing fund service solutions, monitoring operations and services delivery, as well as minimizing operational risks. Before joining HSBC, Mr. MO worked at PricewaterhouseCoopers and specialized in providing auditing and advisory services to investment management companies and investment funds.

Mr. MO graduated from the City University of Hong Kong, with a Bachelor's degree in Accountancy. He is a certified public accountant and is a member of the Hong Kong Institute of Certified Public Accountants.

TAM Hin Tat Raymond

Deputy Chief Executive Officer and Head of Sales

Mr. Raymond TAM, aged 42, is Deputy Chief Executive Officer and Head of Sales of Value Partners Group, where he holds a leadership role in the Group sales and marketing activities, overseeing both retail and institutional businesses. Mr. TAM joined the Group in April 2008. He currently serves as President and Principal Executive Officer of Asia Pacific Fund, Inc. (a New York-listed closed-end management investment company that appointed Value Partners as an investment manager since October 2013.)

Mr. TAM has over 18 years of experience in the asset management industry. Previously, he served as Vice President at BlackRock, responsible for sales and marketing of both retail and institutional (pension business) channels. Prior to that, he worked at JP Morgan Asset Management (formerly Jardine Fleming Asset Management), where he was responsible for direct sales and fund distribution.

Mr. TAM graduated from the University of Western Ontario in Canada with a Bachelor's degree in Economics.

Report of the directors

The Board of Directors (the “Board” or the “Directors”) of Value Partners Group Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Principal activities

The Company is an investment holding company. The Group is principally engaged in value-oriented asset management businesses. The activities of its principal subsidiaries are set out in Note 16 to the consolidated financial statements.

Results

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on page 52.

Dividends

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents per share for the year ended 31 December 2015 to the shareholders whose names are registered on the register of members of the Company on 26 May 2016. Subject to the approval of shareholders of the Company at the Annual General Meeting for the year 2016, the final dividend will be payable on or about 10 June 2016.

Summary of results, assets and liabilities

Summary of results, assets and liabilities for the years of 2011 to 2015 are set out on page 3 of this report.

Share issued in the year

Details of the shares issued in the year ended 31 December 2015 are set out in Note 26 to the consolidated financial statements.

Reserves

In addition to the retained profits of the Company, the share premium account and reserve of the Company are also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid in accordance with the Companies Law of the Cayman Islands.

As at 31 December 2015, the Company’s distributable reserve was HK\$2,338,312,000.

Charitable contributions

During the year, the Group made charitable contributions totalling HK\$1,886,000.

Report of the directors

Board of Directors

During the year ended 31 December 2015 and up to the date of this report the Board comprised:

Executive Directors

Dato' CHEAH Cheng Hye (*Chairman*)
Ms. HUNG Yeuk Yan Renee
Mr. SO Chun Ki Louis
Mr. TSE Wai Ming, Timothy

Independent Non-executive Directors

Dr. CHEN Shih-Ta Michael
Mr. LEE Siang Chin
Mr. Nobuo OYAMA

In accordance with article 87 of the Company's articles of association, Mr. SO Chun Ki Louis, Mr. TSE Wai Ming, Timothy and Mr. LEE Siang Chin will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Company considers all of the Independent Non-executive Directors are independent.

Biographical details of the Directors as at the date of this annual report are set out on pages 25 to 28.

Directors' service contracts

The service contract of Executive Directors shall be terminated in accordance with the provisions of the service contract or, throughout the term of the appointment, by either party giving to the other party not less than three months' prior notice in writing (other than Dato' CHEAH Cheng Hye whose notice period is six months).

Each of the Independent Non-executive Directors has entered into a service contract with the Company for one year commencing on 22 November 2015 and either the Company or the Independent Non-executive Director may terminate the appointment by giving at least three months' notice in writing.

Save as disclosed above, none of the Directors have entered or have proposed to enter into any service agreement with the Company or any member of the Group which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' interests in shares, underlying shares and debentures

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the "SFO")) which had notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which had required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Report of the directors

(a) Long position in shares of the Company (“Shares”)

Name of Director	Nature of interest	Number of Shares	Number of underlying Shares in which the Directors hold under the share option scheme ⁽³⁾	Approximate percentage of issued Shares
Dato’ CHEAH Cheng Hye	Founder of trust/beneficial ⁽¹⁾	403,730,484	–	21.83%
	Beneficial	57,470,828	56,620,000	6.17%
Ms. HUNG Yeuk Yan Renee	Founder of trust ⁽²⁾	16,870,583	–	0.91%
	Beneficial	–	11,370,000	0.61%
Mr. SO Chun Ki Louis	Beneficial	12,665,723	18,490,000	1.68%
Mr. TSE Wai Ming, Timothy	Beneficial	–	5,690,000	0.30%
Dr. CHEN Shih-Ta Michael	Beneficial	–	500,000	0.02%
Mr. LEE Siang Chin	Beneficial	200,000	300,000	0.02%
Mr. Nobuo OYAMA	Beneficial	500,000	300,000	0.04%

Notes:

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

(b) Interest in associated corporation

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

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

Report of the directors

(c) Share options

The Company adopted a share option scheme on 24 October 2007 (and as amended on 15 May 2008) (the "Scheme"). A summary of the movements of the outstanding share options during the year ended 31 December 2015 is as follows:

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	As at		Number of Share Options			As at
				01/01/2015		Granted	Exercised	Lapsed	31/12/2015
Dato' CHEAH Cheng Hye	17/06/2015 ⁽³⁾	17/12/2015-16/12/2021	14.092	-	18,873,333	-	-	18,873,333	
		17/12/2016-16/12/2021	14.092	-	18,873,333	-	-	18,873,333	
		17/12/2017-16/12/2021	14.092	-	18,873,334	-	-	18,873,334	
Ms. HUNG Yeuk Yan Renee	27/04/2009	27/10/2011-26/10/2015	2.436	3,200,000	-	(3,200,000)	-	-	
		07/12/2012	31/12/2013-06/12/2022	4.56	400,000	-	-	-	400,000
	07/12/2012	07/12/2014-06/12/2022	4.56	400,000	-	-	-	400,000	
		07/12/2015-06/12/2022	4.56	400,000	-	-	-	400,000	
		12/05/2015	12/05/2018-11/11/2021	13.60	-	1,016,666	-	-	1,016,666
	12/05/2015	12/05/2019-11/11/2021	13.60	-	1,016,666	-	-	1,016,666	
		12/05/2020-11/11/2021	13.60	-	1,016,668	-	-	1,016,668	
		17/06/2015	17/12/2015-16/12/2021	14.092	-	2,373,333	-	-	2,373,333
	17/06/2015	17/12/2016-16/12/2021	14.092	-	2,373,333	-	-	2,373,333	
		17/12/2017-16/12/2021	14.092	-	2,373,334	-	-	2,373,334	
Mr. SO Chun Ki Louis	27/04/2009	27/10/2011-26/10/2015	2.436	3,200,000	-	(3,200,000)	-	-	
		23/06/2010	23/06/2011-22/12/2016	5.00	500,000	-	-	-	500,000
	23/06/2010	23/06/2012-22/12/2016	5.00	500,000	-	-	-	500,000	
		23/06/2013-22/12/2016	5.00	500,000	-	-	-	500,000	
		07/12/2012	31/12/2013-06/12/2022	4.56	533,334	-	-	-	533,334
	07/12/2012	07/12/2014-06/12/2022	4.56	533,333	-	-	-	533,333	
		07/12/2015-06/12/2022	4.56	533,333	-	-	-	533,333	
		12/05/2015	12/05/2018-11/11/2021	13.60	-	1,716,666	-	-	1,716,666
	12/05/2015	12/05/2019-11/11/2021	13.60	-	1,716,666	-	-	1,716,666	
		12/05/2020-11/11/2021	13.60	-	1,716,668	-	-	1,716,668	
		17/06/2015	17/12/2015-16/12/2021	14.092	-	3,413,333	-	-	3,413,333
	17/06/2015	17/12/2016-16/12/2021	14.092	-	3,413,333	-	-	3,413,333	
		17/12/2017-16/12/2021	14.092	-	3,413,334	-	-	3,413,334	
Mr. TSE Wai Ming, Timothy	23/06/2010	23/06/2012-22/12/2016	5.00	250,000	-	(250,000)	-	-	
		23/06/2013-22/12/2016	5.00	250,000	-	(250,000)	-	-	
	31/05/2012	31/12/2013-30/05/2022	3.94	666,667	-	(666,667)	-	-	
		31/05/2014-30/05/2022	3.94	666,667	-	(666,667)	-	-	
		31/05/2015-30/05/2022	3.94	666,666	-	(666,666)	-	-	
	12/05/2015	12/05/2018-11/11/2021	13.60	-	1,290,000	-	-	1,290,000	
		12/05/2019-11/11/2021	13.60	-	1,290,000	-	-	1,290,000	
		12/05/2020-11/11/2021	13.60	-	1,290,000	-	-	1,290,000	
	17/06/2015	17/12/2015-16/12/2021	14.092	-	606,666	-	-	606,666	
		17/12/2016-16/12/2021	14.092	-	606,666	-	-	606,666	
17/12/2017-16/12/2021	14.092	-	606,668	-	-	606,668			
Dr. CHEN Shih-Ta Michael	31/05/2012	31/12/2013-30/05/2022	3.94	66,667	-	-	-	66,667	
		31/05/2014-30/05/2022	3.94	66,667	-	-	-	66,667	
		31/05/2015-30/05/2022	3.94	66,666	-	-	-	66,666	
	17/06/2015	17/12/2015-16/12/2021	14.092	-	100,000	-	-	100,000	
		17/12/2016-16/12/2021	14.092	-	100,000	-	-	100,000	
		17/12/2017-16/12/2021	14.092	-	100,000	-	-	100,000	

Report of the directors

Grantee	Date of grant	Exercise period	Exercise price (HK\$)	As at 01/01/2015	Number of Share Options			As at 31/12/2015
					Granted	Exercised	Lapsed	
Mr. LEE Siang Chin	31/05/2012	31/12/2013-30/05/2022	3.94	66,667	-	(66,667)	-	-
		31/05/2014-30/05/2022	3.94	66,667	-	(66,667)	-	-
		31/05/2015-30/05/2022	3.94	66,666	-	(66,666)	-	-
	17/06/2015	17/12/2015-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2016-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2017-16/12/2021	14.092	-	100,000	-	-	100,000
Mr. Nobuo OYAMA	31/05/2012	31/12/2013-30/05/2022	3.94	66,667	-	(66,667)	-	-
		31/05/2014-30/05/2022	3.94	66,667	-	(66,667)	-	-
		31/05/2015-30/05/2022	3.94	66,666	-	(66,666)	-	-
	17/06/2015	17/12/2015-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2016-16/12/2021	14.092	-	100,000	-	-	100,000
		17/12/2017-16/12/2021	14.092	-	100,000	-	-	100,000
Employees	23/06/2010	23/06/2011-22/12/2016	5.00	733,335	-	(566,668)	-	166,667
		23/06/2012-22/12/2016	5.00	866,669	-	(700,002)	-	166,667
		23/06/2013-22/12/2016	5.00	949,996	-	(783,330)	-	166,666
	31/05/2012	31/12/2013-30/05/2022	3.94	500,000	-	(500,000)	-	-
		31/05/2014-30/05/2022	3.94	500,000	-	-	-	500,000
		31/05/2015-30/05/2022	3.94	500,000	-	-	-	500,000
	31/05/2012	31/05/2013-30/05/2022	3.94	200,000	-	(100,000)	-	100,000
		31/05/2014-30/05/2022	3.94	200,000	-	(100,000)	-	100,000
		31/05/2015-30/05/2022	3.94	200,000	-	-	-	200,000
	07/12/2012	31/12/2013-06/12/2022	4.56	400,000	-	-	-	400,000
		07/12/2014-06/12/2022	4.56	400,000	-	-	-	400,000
		07/12/2015-06/12/2022	4.56	400,000	-	-	-	400,000
	12/05/2015	12/05/2018-11/11/2021	13.60	-	10,809,987	-	(90,000)	10,719,987
		12/05/2019-11/11/2021	13.60	-	10,809,987	-	(90,000)	10,719,987
		12/05/2020-11/11/2021	13.60	-	10,810,026	-	(90,000)	10,720,026
17/06/2015	17/12/2015-16/12/2021	14.092	-	6,573,320	-	(43,333)	6,529,987	
	17/12/2016-16/12/2021	14.092	-	6,573,320	-	(43,333)	6,529,987	
	17/12/2017-16/12/2021	14.092	-	6,573,360	-	(43,334)	6,530,026	
Total				19,650,000	140,920,000	(12,050,000)	(400,000)	148,120,000

Notes:

- The closing prices of the Shares immediately before the share options granted on 27 April 2009, 23 June 2010, 31 May 2012, 7 December 2012, 12 May 2015 and 17 June 2015 were HK\$2.20, HK\$5.00, HK\$3.90, HK\$4.54, HK\$13.68 and HK\$13.50 respectively.
- No share option was cancelled during the year.
- Out of a total of 56,620,000 share options, the grant of 54,800,000 share options to Dato' CHEAH was approved in the extraordinary general meeting of the Company held on 27 July 2015.
- The weighted average closing price of the shares immediately before the dates of exercise by the director and employees was HK\$10.43.

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

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

Report of the directors

Substantial shareholders' interests

As at 31 December 2015, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the shares under the SFO

Name	Nature of interest	Number of Shares	Approximate percentage of issued Shares
Ms. TO Hau Yin ⁽¹⁾	Spouse	517,821,312	28.00%
Mr. YEH V-Nee	Beneficial	300,159,324	16.23%
Mrs. YEH Mira ⁽²⁾	Spouse	300,159,324	16.23%
Cheah Capital Management Limited ⁽³⁾	Beneficial	403,730,484	21.83%
Cheah Company Limited ⁽³⁾	Corporate	403,730,484	21.83%
BNP Paribas Jersey Nominee Company Limited ⁽³⁾	Nominee	403,730,484	21.83%
BNP Paribas Jersey Trust Corporation Limited ⁽³⁾	Trustee	403,730,484	21.83%
Affiliated Managers Group, Inc. ⁽⁴⁾	Interest of controlled corporation	129,080,000	6.98%

Notes:

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

Directors' interest in contracts of significance

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Share options

A share option scheme (the "Share Option Scheme") was adopted by the sole shareholder's written resolution of the Company dated 24 October 2007 (and as amended on 15 May 2008). A summary of the principal terms of the Share Option Scheme is set out below.

Report of the directors

1. Purpose of the Share Option Scheme

To reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

2. Participants of the Share Option Scheme

Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital as at the date of this Annual Report

Scheme mandate granted on 9 June 2015: 129,179,038 shares (6.99%) of which 96,420,000 shares are subject to options granted under this mandate.

4. Maximum entitlement of each participant under the Share Option Scheme

In any 12-month period, in aggregate not over:–

- (a) 1% of the issued share capital (excluding substantial shareholders and Independent Non-executive Directors).
- (b) 0.1% of the issued share capital and exceeding HK\$5 million in aggregate value (for substantial shareholders and Independent Non-executive Directors).

Such further grant of options shall be subject to prior approval by a resolution of the Shareholders.

5. The period within which the Shares must be taken up under an option

In respect of any particular option, the period to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant.

6. The minimum period for which an option must be held before it can be exercised

Nil

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

Upon acceptance of the option, the grantee shall inform the Company together with HK\$1 by way of consideration for the grant within 28 days from the date of offer.

8. The basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:–

- (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

9. The remaining life of the Share Option Scheme

The Share Option Scheme will remain valid until 23 October 2017.

Report of the directors

Connected transactions and continuing connected transactions

During the year, the Company did not have any connected transactions and continuing connected transactions which were subject to the disclosure requirements of the Listing Rules. The related-party transactions as disclosed in Note 36 did not fall under the definition of connected transactions or continuing connected transactions in the Listing Rules.

Disclosure of information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of the Directors are as follows:

- The monthly salary of Dato' CHEAH Cheng Hye was revised from HK\$492,400 to HK\$504,800 with effect from 1 January 2016.
- The monthly salary of Ms. HUNG Yeuk Yan Renee was revised from HK\$191,100 to HK\$195,900 with effect from 1 January 2016.
- The monthly salary of Mr. SO Chun Ki Louis was revised from HK\$283,500 to HK\$290,600 with effect from 1 January 2016.
- The monthly salary of Mr. TSE Wai Ming, Timothy was revised from HK\$226,800 to HK\$232,500 with effect from 1 January 2016.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' and the five highest-paid individuals' emoluments

The Directors' fees and remuneration and the emoluments of the five highest-paid individuals are disclosed in Note 9 and Note 38 to the consolidated financial statements. The emoluments of the Directors are determined with regard to their duties and responsibilities, the Company's performance, prevailing market conditions and after considering the market emoluments for Directors of other listed companies.

Pension schemes

Pension costs for the year are set out in Note 9 to the consolidated financial statements.

Sufficiency of public float

As at the latest practicable date prior to the issue of this annual report, to the best knowledge of the Directors and based on the information publicly available to the Company, there is a sufficient public float as required by the Listing Rules.

Purchase, redemption or sale of listed shares of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year.

Report of the directors

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the Companies Law in the Cayman Islands.

Major customers and suppliers

The Group's five largest customers (in terms of AUM as of 31 December 2015) accounted for 28% of the Group's total fee income, and the Group's five largest suppliers accounted for 53% of the Group's distribution fee expenses for the year ended 31 December 2015.

The Group's largest customer (in terms of AUM as at the end of year) accounted for approximately 6% of the Group's total fee income whereas our largest supplier accounted for approximately 15% of total distribution fee expenses.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's top five largest customers or suppliers.

Business review

The business reviews of the Group for the year ended 31 December 2015 is set out in the sections headed "Report of the Chief Executive Officer", "Financial review", "Corporate government report" and "Consolidated financial statements" of this Annual Report.

Disclosures on risk management and environmental policies

Details of disclosures on risk management and environmental policies are set out in the corporate governance report.

Post balance sheet event

On 15 February 2016, China Securities Regulatory Commission approved the Group's proposed disposal of its 49% interest of Goldstate Capital Fund Management Company Limited to a third party. As at the date of approval of the consolidated financial statements, the completion of the transaction was pending approval by Ministry of Commerce of the People's Republic of China.

Auditor

The consolidated financial statements for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for reappointment.

A resolution to re-appoint PricewaterhouseCoopers as auditor of the Company will be submitted at the forthcoming annual general meeting of the Company.

On behalf of the Board

Dato' CHEAH Cheng Hye

Chairman and Co-Chief Investment Officer

Hong Kong, 10 March 2016

Corporate governance report

The Board of Directors of the Company (the “Board” or “Directors”) strives to attain and maintain high standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of shareholders, clients and other stakeholders. In running a regulated business, the Group adopts sound corporate governance principles that emphasize a quality Board, effective internal control, stringent compliance practices and transparency and accountability to all stakeholders.

In the Directors’ opinion, the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the year of 2015. The Company continued to maintain high standards of corporate governance and business ethics, and to ensure the full compliance of our operations with applicable laws and regulations.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the Model Code by the Directors during the year. The blackout periods in respect of transactions in securities of the Company by Directors also apply to all staff of the Group.

Board of Directors

The Board, with over one third of the Board members are Independent Non-executive Directors, is responsible for overseeing and directing the senior management of the Company. The major duties of the Board include:

- Formulating the vision of the Group;
- Reviewing and approving the interim and final results of the Group;
- Recommending any final dividend to the shareholders of the Group;
- Reviewing and approving, if considered fit, the business plans of the Group;
- Reviewing the business and financial updates of the Group;
- Ensuring a high standard of corporate governance, compliance, internal control and risk management; and
- Overseeing the performance of the senior management.

All Directors have separate and independent access rights to the senior management about the conduct of the business and development of the Company. In order to facilitate the Directors in discharging their duties, a flash report and follow by a comprehensive monthly management report incorporating financial statements, cost analysis, headcount information, assets under management breakdown and fee margin analysis has been circulated to the Directors. The flash report and the management report would be released to the Directors as soon as practicable.

The Board held six meetings in 2015 and the attendance record of each Director at the board meetings is set out below:

	No. of board meetings attended/held
Executive Directors	
Dato’ CHEAH Cheng Hye (<i>Chairman</i>)	6/6
Ms. HUNG Yeuk Yan Renee	6/6
Mr. SO Chun Ki Louis	6/6
Mr. TSE Wai Ming, Timothy	6/6
Independent Non-executive Directors	
Dr. CHEN Shih-Ta Michael	5/6
Mr. LEE Siang Chin	5/6
Mr. Nobuo OYAMA	6/6

Corporate governance report

The Group ensures that appropriate and sufficient information is provided to Directors in a timely manner to keep them abreast of the Group's latest developments thereby assisting them in the discharge of their duties.

The Chairman held a meeting with the Independent Non-executive Directors without the presence of Executive Directors in 2015. The Chief Executive Officer also had several private discussion sections with the Independent Non-executive Directors.

To the best knowledge of the Directors, the Board is not aware of any financial, business, family or other material/relevant relationships among the Board members. All the Directors had received training/briefing which covered topics in directors' duties and liabilities, continuing obligations of a listed company, corporate governance and compliance issues after their appointments. Ongoing updates of any applicable laws and regulations were provided by the Company to the Directors in a reasonable time frame.

According to the records provided by the Directors, a summary of training received by the Directors during 2015 is as follows:

Type of continuous professional development programmes

Executive Directors

Dato' CHEAH Cheng Hye (<i>Chairman</i>)	A, B
Ms. HUNG Yeuk Yan Renee	A, B
Mr. SO Chun Ki Louis	A, B
Mr. TSE Wai Ming, Timothy	A, B

Independent Non-executive Directors

Dr. CHEN Shih-Ta Michael	B
Mr. LEE Siang Chin	B
Mr. Nobuo OYAMA	B

Notes: A: Attending seminars and courses relating to regulations, updates and development on fund management business
B: Attending a briefing section of PRC regulatory update and studying materials relating to the updates on Listing Rules and also relating to business and industry

Each of the Executive Directors entered into a service contract with the Company and each of the Independent Non-executive Directors entered into a service contract with the Company for a term of one year. Under the Company's articles of association, one-third of the Directors, who have served longest on the Board, must retire, thus becoming eligible for re-election at each annual general meeting.

The Company has received the annual confirmation of independence from all the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considered them independent to the Group.

The Company has arranged appropriate director and officer liability and professional indemnity insurance coverage since 2007, which is reviewed on an annual basis, for liabilities arising out of corporate activities from being the Directors and senior management of the Group.

Corporate governance report

Chairman and Chief Executive Officer

The Chairman of the Board, Dato' CHEAH Cheng Hye, chairs all the board meetings and general meetings. He is leading the overall business and investment strategies of the Group. Mr. TSE Wai Ming, Timothy, the Chief Executive Officer of the Company, is responsible for overall business development of the Group. He assumes a leadership role in devising corporate strategy, as well as managing the company's business operations and corporate affairs.

Board committees

The Board has established the following committees with specific responsibilities as described in the respective terms of reference available on the Company's and/or the Stock Exchange's website(s):

1. Audit Committee

The Company established the Audit Committee on 24 October 2007 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee include providing an independent review of the effectiveness of the financial reporting process, certain corporate governance functions, as well as the system of internal controls and risk management which includes the corporate audit function. The Audit Committee also oversees the appointment, remuneration and terms of engagement of the Company's auditor, as well as their independence. The Audit Committee comprises Dr. CHEN Shih-Ta Michael, Mr. LEE Siang Chin and Mr. Nobuo OYAMA, all of which are Independent Non-executive Directors. The Audit Committee is chaired by Mr. LEE Siang Chin.

The Audit Committee held four meetings in 2015. The Chief Executive Officer, the Chief Operating Officer, the Chief Compliance Officer, the Head of Corporate Audit, the Head of Finance, Director of Risk Management, the Company Secretary attended the meetings and representatives of the Auditor also joined two meetings involving the discussion of the Group's interim and annual results. The attendance record of each member at the Audit Committee meetings is set out below:

	No. of Audit Committee meetings attended/held
Mr. LEE Siang Chin (<i>Chairman</i>)	4/4
Dr. CHEN Shih-Ta Michael	4/4
Mr. Nobuo OYAMA	4/4

In 2015, the Audit Committee reviewed, discussed and/or approved the issues related to:

- The Group's interim and annual results, preliminary announcements and reports and recommendations of their major opinions to the Board.
- The auditor's remuneration (including the non-audit services) and its terms of engagement.
- The treasury activities and liquidity of the Group.
- The 2016 audit plan.
- The reports prepared by risk management, compliance and corporate audit departments.
- The Group's adherence to the code provisions in the CG Code.
- The risk management framework of the Group.

In order to further enhance independent reporting, the members met in separate private sessions with each of the Auditor, the Chief Compliance Officer, the Head of Risk Management and the Head of Corporate Audit once a year without the presence of management.

Corporate governance report

2. Remuneration Committee

The Company established the Remuneration Committee on 24 October 2007 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include determining the policy and structure for the remuneration of Executive Directors and senior management, reviewing incentive schemes and Directors' service contracts, and confirming the performance based remuneration packages for all Directors and senior management. The Remuneration Committee comprises Dato' CHEAH Cheng Hye, Mr. TSE Wai Ming, Timothy, Dr. CHEN Shih-Ta Michael, Mr. LEE Siang Chin and Mr. Nobuo OYAMA, three of which are Independent Non-executive Directors. The Remuneration Committee is chaired by Dr. CHEN Shih-Ta Michael.

The Remuneration Committee held two meetings in 2015. The attendance record of each member at the Remuneration Committee meetings is set out below:

	No. of Remuneration Committee meetings attended/held
Dr. CHEN Shih-Ta Michael (<i>Chairman</i>)	2/2
Dato' CHEAH Cheng Hye	2/2
Mr. LEE Siang Chin	2/2
Mr. Nobuo OYAMA	2/2
Mr. TSE Wai Ming, Timothy	2/2

In 2015, the Remuneration Committee reviewed, discussed and/or approved the issues related to:

- The remuneration level for Directors and senior management for the year 2016 which was based on individual performance with reference to an independent salary survey report.
- The bonus allocation to the Directors and senior management with reference to the Group's financial results and individual performance.
- The grant of shares options.
- The renewal of service contracts of Directors.

3. Nomination Committee

The Company established the Nomination Committee on 13 March 2012. The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The Nomination Committee comprises Dato' CHEAH Cheng Hye, Dr. CHEN Shih-Ta Michael, Mr. LEE Siang Chin, Mr. Nobuo OYAMA and Mr. TSE Wai Ming, Timothy, three of which are Independent Non-executive Directors. The Nomination Committee is chaired by Dato' CHEAH Cheng Hye.

The Nomination Committee held one meeting in 2015. The attendance record of each member at the Nomination Committee meeting is set out below:

	No. of Nomination Committee meeting attended/held
Dato' CHEAH Cheng Hye (<i>Chairman</i>)	1/1
Dr. CHEN Shih-Ta Michael	1/1
Mr. LEE Siang Chin	1/1
Mr. Nobuo OYAMA	1/1
Mr. TSE Wai Ming, Timothy	1/1

Corporate governance report

In 2015, the Nomination Committee reviewed, discussed and/or approved the issues related to:

- Reviewing and recommending the structure, size and composition of the Board with reference to the board diversity policy.
- Assessment of the independence of Independent Non-executive Directors.
- Offering recommendation to the Board on relevant matters relating to the re-appointment of Directors in the forthcoming annual general meeting.

During 2015, no new Director has been selected or recommended for directorship.

4. Risk Management Committee

The Company established the Risk Management Committee on 24 October 2007. The primary duties of the Risk Management Committee are to establish and maintain effective policies and guidelines to ensure proper management of risks to which the Group and its clients are exposed, and to take appropriate and timely action to manage such risks. The Risk Management Committee comprises Mr. TSE Wai Ming, Timothy, Mr. HA Lok Man, Norman (our Director of Risk Management), Mr. MO Chun Wah, Jonathan, Mr. SO Chun Ki Louis and Ms. Vivienne LEE.

The Risk Management Committee held four meetings in 2015. In the meetings, the members reviewed, discussed and/or approved the issues related to:

- The Group's risk management framework and system of internal control.
- Regular assessments on major risks.
- IT data security risk and cybersecurity.
- Enhancement of the risk monitoring of the overseas joint ventures.

Internal control

It is the responsibility of the Board to ensure that the Group maintains sound and effective system of internal controls. The key procedures to provide effective internal controls are described as follows:

- The internal control system of the Group has an organizational structure with clear reporting lines and supervisory, as well as reporting responsibilities assigned to qualified and experienced persons.
- Business plans and budgets are prepared annually and subject to review and approval by the senior management team.
- Business decisions are governed under the established parameters of delegated authority.
- Key duties and functions are appropriately segregated.
- Detailed written compliance manual, policies and procedures are in place with which all staff are provided, and are required to review and follow.
- Staff who are licensed persons are required to attend continuous professional training.
- Core business activities are conducted through a custom designed system with sufficient audit trail maintained.
- The Group employs independent, reputable and credible custodian banks to safeguard clients' assets.
- All subscription/redemption monies are made payable directly to/from the custodian banks.
- Client identification and prevention of money laundering and terrorist financing procedures are conducted to verify the identity and source of funds.
- A business contingency plan is in place to provide continuation of critical business operations in the event of disaster, whether natural or man-made.

Corporate governance report

The Head of Corporate Audit oversees internal audit matters. The roles and functions of the Corporate Audit Department include:

- Conducting audit reviews to assess level of adherence to company policies and procedures, as well as follow up on issues identified.
- Evaluating the adequacy, effectiveness and efficiency of internal controls and procedures, and providing recommendations to senior management.
- Reviewing procedure manuals.

Periodic reports on the internal control status of the Group's operations prepared by the Corporate Audit Department are submitted to the Audit Committee for review. The reports specify any internal issues that may have been identified, details on how the issues have been dealt with and recommendations on how the procedures can be improved.

The Board, through the Audit Committee, assesses on an annual basis the effectiveness of the Group's internal control system which covers all material controls, including financial, operational, compliance controls and risk management functions. The Board considered the internal control system was effective and adequate for the period under review.

Auditor's remuneration

The remuneration of the audit services rendered by the auditor of the Company was mutually agreed in view of the scope of services to be provided. The audit fee for the year ended 31 December 2015 was approximately HK\$4.3 million. In addition, the auditor of the Company also provided tax services and other engagements to the Group in 2015 and the fees were approximately HK\$0.4 million and HK\$0.2 million, respectively.

Preparation of Financial Statements

The Directors acknowledge their responsibility for preparing consolidated financial statements of the Group for the year ended 31 December 2015 (the "Financial Statements") and the auditor of the Company also set out their reporting responsibilities on the Financial Statements in its auditor's report of this annual report.

Communication with Shareholders

The Company has adopted a shareholders communication policy in 2013 to ensure that Shareholders, and in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

1. Information disclosure

The Company endeavours to disclose all material information about the Group to all interested parties as timely as possible. The Company maintains a website at www.valuepartners.com.hk to keep shareholders and investors posted of the latest business developments, interim and annual results announcements, financial reports, public announcements, corporate governance practices and other relevant information of the Group.

Since 2008, the Company has voluntarily commenced releasing the information of the unaudited assets under management of the Group on a monthly basis to further increase the transparency of the Company. Starting from 2013, we also disclosed the fund flow information of the funds managed by the Group on a quarterly basis.

To ensure our investors and shareholders have a better understanding of the Company, our Chief Executive Officer and Finance Director communicate with research analysts, investors and shareholders in an on-going manner. In addition, they attend major investors' conferences and participate in international non-deal roadshows to explain the Company's financial performance and business strategy. The Company actively distributes information on the annual and interim results, an archive of the webcast is on the Company's website so that the results presentation is easily and readily accessible to investors and shareholders all over the world.

Corporate governance report

2. General meetings with shareholders

The Company regards the annual general meeting (“AGM”) an important event as it provides a platform for the Board to communicate with the shareholders. The notice of AGM is sent to the shareholders at least 20 clear business days prior to the date of AGM. The Chairman himself takes the chair in the AGM to ensure shareholders’ views and questions are well communicated and answered by the Board. Separate resolutions are proposed on each substantially separate issue at the general meetings. The Company also held two extraordinary general meetings (“EGMs”) in relation to refreshment of scheme mandate limit for share option scheme and grant of share options to a substantial shareholder.

The attendance records of each Director at the AGM and EGMs for the year 2015 are set out below:

	AGM attended/held	EGM attended/held
Executive Directors		
Dato’ CHEAH Cheng Hye (<i>Chairman</i>)	1/1	2/2
Ms. HUNG Yeuk Yan Renee	1/1	2/2
Mr. SO Chun Ki Louis	1/1	2/2
Mr. TSE Wai Ming, Timothy	1/1	2/2
Independent Non-executive Directors		
Dr. CHEN Shih-Ta Michael	1/1	1/2
Mr. LEE Siang Chin	1/1	2/2
Mr. Nobuo OYAMA	1/1	2/2

We had around 100 shareholders or their representatives participated in our annual general meeting for the year 2015 and all the resolutions proposed were passed by poll voting in the meeting. Representatives of the auditor also attended this AGM to present the auditor’s report to the shareholders. Poll results are made publicly available on the same day of the meeting, typically in the space of a few hours, to ensure the timely disclosure of information.

3. Risk assessment and management

Value Partners Group places significant emphasis on regulatory compliance, risk management and internal controls. The Group has established and maintained effective policies and guidelines to properly manage risks that it and its clients are exposed to. A risk management framework has been put in place to ensure significant risks are identified and appropriate and timely actions are taken to manage such risks. The principal risks and uncertainties facing the Group are as follows:

a) Business risk:

- Reputational risk

Reputational risk impacts the Group’s brand name and relationship with clients, fund investors and shareholders. This may arise from poor conduct or negative events resulting from weaknesses in internal controls.

- Investment performance

In view of the increased volatility in the stock and other financial markets, this may impact the performance of the investment funds managed by the Group and add unpredictability to the Group’s earnings which are mainly driven by the level of assets managed by the Group.

Corporate governance report

- Distribution channel concentration

A significant part of the Group's investment funds are carried on the product shelves of leading distributors, including banks, insurance firms and independent financial advisors, for distribution to individual investors. As the Group deepens its collaboration with certain distribution channels, this may create concentration risk.

- International operations

The Group operates in various locations and this introduces additional risks to comply with local laws and regulations in various jurisdictions.

- Intensified peer competition

With Asian countries gradually opening their asset management markets for foreign participation, the Group is facing tougher competition from peers worldwide.

b) Market, credit and liquidity risk

- Market risk

The Group faces market risk due to market movement which may cause a fall in the value of proprietary investments as well as a fall in the value of assets under management in the fund management business.

- Credit risk

The Group faces credit risk as a result of the counterparty exposure relating to the derivative exposures taken up by it or investment funds managed by it.

- Liquidity risk

Liquidity risk in relation to the investment funds managed by the Group is the risk if the investment funds are not readily available to meet redemptions and other obligations as they arise. The Group also faces liquidity risk if it cannot meet its contractual or payment obligations in a timely manner.

c) Operational and technology risk

- Talent loss

People are one of the important assets to the Group. A number of the Group's senior members have been working at the firm for over 10 years. The departure of employees, particularly senior members, could impose certain impacts on the Group's operations.

- Major infrastructure errors

The Group's investment process and daily operations are supported by various internal and external systems. Errors at these systems could hinder investment trading of funds and the delivery of client services.

- Third-party service errors

The Group relies on certain third-party vendors for the provision of services including custodian services, information and technology services, as well as fund administrative services. Failures at the third-party vendors could hamper the Group's services to clients.

Corporate governance report

- Technology and information security risks

The Group has been enhancing its technology system to ensure all protections and programs are able to cope with the business needs and are effective in safeguarding the Group's IT infrastructure from cyber-attack or other malicious attacks such as information leakage.

d) Legal and compliance risk

The Group has an established compliance system to oversee potential compliance risks, such as insider dealing, on a regular basis. As the Group operates in various locations, this introduces additional risks to comply with local laws and regulations in various jurisdictions. With the support of external professional advisers where appropriate, legal and compliance team monitor whether and the extent to which additional regulatory requirements apply as a result of the growth or expansion of our business and operations.

4. Environment and natural resources

Promoting conservation and environmental sustainability has become a key priority for Value Partners Group as it further expands. The Group seeks to become one of the most resource-efficient and ecologically sustainable asset managers in the world by introducing more green policies to reduce carbon emissions and increase energy efficiency.

During 2015, the Group continued to make endeavors in lowering energy consumption, cutting paper usage and improving indoor air quality. Key initiatives and accreditations for the year are listed below:

a) Energy-saving initiatives

- The instalment of light-emitting diode ("LED") lighting in the Group's Hong Kong office was completed in 2015, reducing electricity consumption and keeping office temperature at reasonable level.
- Timer switches for controlling lighting were installed. Lighting will automatically go out after office hours unless the "extender" button was clicked.

b) Paperless initiatives

- Effective 1 September 2015, mailing of the Group's monthly fund factsheets were ceased and replaced by the provision of electronic files on the Group's website.
- Meanwhile, the Group recycled 3,471 kilograms of waste paper in 2015, equivalent to reducing the emission of 16,661 kilograms of carbon dioxide.

c) Air quality initiatives

- New electronic thermometers for air-conditioners were installed to uphold high standard of air quality in office. Frequent and regular cleaning of air-conditioners and ventilation system were also in place.

d) Accreditations obtained

- Successfully validated the ISO 14001 certification, a series of standards on environmental management that seeks to help minimize the negative impact of company operations on the environment.

Corporate governance report

5. Shareholders' rights

The finance department of the Company responds to emails, letters and telephone enquiries from the public, shareholders and investors. Any enquiry on matters related to the Company and to be addressed to the Board may be put in writing and sent to the principal office of the Company in Hong Kong or through an email to vpg@vp.com.hk.

Pursuant to the articles of association of the Company, the Board may call an extraordinary general meeting whenever it thinks fit. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at general meeting. Proposal shall be sent to the Board or the Secretary of the Company by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in above paragraph.

The memorandum and articles of association of the Company (no change since 2007) is available on the Company's website.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VALUE PARTNERS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Value Partners Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 52 to 110, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 10 March 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Income			
Fee income and other revenue	6	1,768,257	1,599,445
Distribution and advisory fee expenses	7	(693,455)	(370,439)
Net fee income		1,074,802	1,229,006
Other income	8	35,048	30,047
Total net income		1,109,850	1,259,053
Expenses			
Compensation and benefit expenses	9	(444,847)	(402,514)
Operating lease rentals		(26,919)	(21,370)
Other expenses	10	(124,058)	(85,568)
Total expenses		(595,824)	(509,452)
Operating profit (before other gains/losses)		514,026	749,601
Net (losses)/gains on investments		(29,546)	148,490
Net (losses)/gains on investments held-for-sale	21	(1,687)	57,681
Impairment loss on investment in associate	19	(42,754)	(10,100)
Impairment loss on goodwill and license	18.1	(24,771)	(26,300)
Others		(35,002)	(9,350)
Other (losses)/gains– net	11	(133,760)	160,421
Operating profit (after other gains/losses)		380,266	910,022
Share of (loss)/gain of an associate	19	(5,132)	20,626
Profit before tax		375,134	930,648
Tax expense	12	(104,346)	(129,247)
Profit for the year		270,788	801,401
Other comprehensive loss for the year			
– Items that may be subsequently reclassified to profit or loss			
Fair value (losses)/gains on available-for-sale financial assets		(3,922)	4,396
Foreign exchange translation		(27,553)	(12,260)
Other comprehensive loss for the year	13	(31,475)	(7,864)
Total comprehensive income for the year		239,313	793,537
Profit attributable to			
Owners of the Company		273,586	804,179
Non-controlling interests		(2,798)	(2,778)
		270,788	801,401
Total comprehensive income for the year attributable to			
Owners of the Company		244,752	798,510
Non-controlling interests		(5,439)	(4,973)
		239,313	793,537
Earnings per share for profit attributable to owners of the Company (HK cents per share)			
– basic	14.1	14.8	45.4
– diluted	14.2	14.8	45.3

The notes on pages 56 to 110 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	17	16,461	13,753
Intangible assets	18	13,878	32,406
Investment in an associate	19	–	102,651
Deferred tax assets	28	10,153	3,797
Investments	20	1,061,122	889,616
Other assets	24	8,583	8,703
Loan portfolio, net	25	104,275	141,031
		1,214,472	1,191,957
Current assets			
Investments	20	154,832	178,931
Investments held-for-sale	21	209,394	29,528
Fees receivable	22	206,042	693,600
Loan portfolio, net	25	146,036	171,093
Amounts receivable on sale of investments		7,227	254,935
Prepayments and other receivables		28,919	41,423
Time deposits		70,073	250,169
Cash and cash equivalents	23	2,228,784	1,551,001
		3,051,307	3,170,680
Current liabilities			
Accrued bonus		142,111	235,506
Distribution fee expenses payable	29	116,963	77,016
Other payables and accrued expenses		30,816	36,107
Short-term loan	30	59,800	62,420
Current tax liabilities		54,882	64,822
		404,572	475,871
Net current assets		2,646,735	2,694,809
Non-current liabilities			
Accrued bonus		746	561
Net assets		3,860,461	3,886,205
Equity			
Equity attributable to owners of the Company			
Issued equity	26	1,377,533	1,336,979
Other reserves	27	263,083	191,186
Retained earnings		2,149,583	2,281,423
		3,790,199	3,809,588
Non-controlling interests		70,262	76,617
Total equity		3,860,461	3,886,205

On behalf of the Board

SO Chun Ki Louis
Director

TSE Wai Ming, Timothy
Director

The notes on pages 56 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Note	Attributable to owners of the Company			Total	Non-controlling interests	Total equity
		Issued equity	Other reserves	Retained earnings			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2014		889,213	192,811	1,665,051	2,747,075	81,590	2,828,665
Profit for the year		-	-	804,179	804,179	(2,778)	801,401
Other comprehensive income/(loss)							
Fair value gains on available-for-sale financial assets	27	-	4,396	-	4,396	-	4,396
Foreign exchange translation	27	-	(10,065)	-	(10,065)	(2,195)	(12,260)
Total comprehensive income/(loss)		-	(5,669)	804,179	798,510	(4,973)	793,537
Transactions with owners in their capacity as owners							
Exercise of share options	26	447,766	-	-	447,766	-	447,766
Share-based compensation	26, 27	-	4,044	-	4,044	-	4,044
Dividends to owners of the Company		-	-	(187,807)	(187,807)	-	(187,807)
Total transactions with owners in their own capacity as owners		447,766	4,044	(187,807)	264,003	-	264,003
As at 31 December 2014		1,336,979	191,186	2,281,423	3,809,588	76,617	3,886,205
As at 1 January 2015		1,336,979	191,186	2,281,423	3,809,588	76,617	3,886,205
Profit for the year		-	-	273,586	273,586	(2,798)	270,788
Other comprehensive income/(loss)							
Fair value losses on available-for-sale financial assets	27	-	(3,922)	-	(3,922)	-	(3,922)
Foreign exchange translation	27	-	(24,912)	-	(24,912)	(2,641)	(27,553)
Total comprehensive income/(loss)		-	(28,834)	273,586	244,752	(5,439)	239,313
Transactions with owners in their capacity as owners							
Exercise of share options	26	40,554	-	-	40,554	-	40,554
Acquisition of additional interest in a subsidiary	27	-	(841)	-	(841)	(916)	(1,757)
Share-based compensation	26, 27	-	101,572	-	101,572	-	101,572
Dividends to owners of the Company		-	-	(405,426)	(405,426)	-	(405,426)
Total transactions with owners in their own capacity as owners		40,554	100,731	(405,426)	(264,141)	(916)	(265,057)
As at 31 December 2015		1,377,533	263,083	2,149,583	3,790,199	70,262	3,860,461

The notes on pages 56 to 110 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	32	1,196,895	187,621
Interest received		20,483	9,945
Interest received from loan portfolio		61,728	52,530
Tax paid		(120,642)	(120,664)
Net cash generated from operating activities		1,158,464	129,432
Cash flows from investing activities			
Acquisition of additional interest in a subsidiary		(1,757)	–
Purchase of property, plant and equipment and intangible assets		(20,029)	(19,162)
Disposal of property, plant and equipment and intangible assets		172	–
Purchase of investments		(613,464)	(142,732)
Disposal of investments		558,726	583,097
Closing of derivative financial instrument		–	(1,615)
Dividends received from investments		15,363	13,258
Interest received from debt securities		–	3,775
Net cash (used in)/generated from investing activities		(60,989)	436,621
Cash flows from financing activities			
Dividends paid		(405,426)	(187,807)
Proceeds from shares issued upon exercise of share options		40,554	447,766
(Repayment of)/proceeds from borrowings		(2,620)	62,420
Net cash (used in)/generated from financing activities		(367,492)	322,379
Net increase in cash and cash equivalents		729,983	888,432
Net foreign exchange losses on cash and cash equivalents		(52,200)	(29,547)
Cash and cash equivalents at beginning of the year		1,551,001	692,116
Cash and cash equivalents at end of the year		2,228,784	1,551,001

The notes on pages 56 to 110 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1 General information

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

The Company acts as an investment holding company. The activities of its principal subsidiaries are disclosed in Note 16 below. The Company and its subsidiaries (together, the “Group”) principally provides investment management services to investment funds and managed accounts. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 10 March 2016.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 below.

New standards, amendments and interpretations issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted

- HKFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9’s full impact.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

New standards, amendments and interpretations issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted (continued)

- HKFRS 15 “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is yet to assess the impact of HKFRS 15.

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

2.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

De-facto control of an entity may arise from circumstances where the Group does not have more than 50% of the voting power but it has the practical ability to direct the relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

(a) Consolidation (continued)

Business combinations (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated statement of comprehensive income.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of non-controlling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities and a narrow and well defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity. Consequently, investment funds are considered as “structured entities”.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of profit/(loss) of an associate in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has invested in certain investment funds that it manages or advises. As an investment manager or investment advisor, the Group may put seed capital in investment funds that it manages or advises in order to facilitate their launch. The purpose of seed capital is to ensure that the investment funds can have a reasonable starting fund size to operate and to build track record. The Group may subsequently vary the holding of these seed capital investments depending on the market conditions and various other factors. The Group has applied the measurement exemption within HKAS 28 "Investments in Associates and Joint Ventures" for mutual funds, unit trusts and similar entities and such investments are classified as financial assets at fair value through profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gains or losses. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in other comprehensive income.

(c) Translation from functional currency to presentation currency

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

(d) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint arrangement that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, furniture and fixtures, office equipment and vehicles, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, as follows:

Leasehold improvements	Over the lease terms
Furniture and fixtures	Five years
Office equipment	Three years
Vehicles	Three years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognized in the consolidated statement of comprehensive income.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.7 Intangible assets (continued)

(b) License

License acquired in a business combination is recognized at fair value at the acquisition date. The license is considered to have an infinite useful life as it has no specified termination date and is carried at cost less accumulated impairment losses.

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (five years).

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

2.8 Impairment

(a) Impairment of intangible assets and other non-financial assets

Assets that have an indefinite useful life such as goodwill and licence are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(b) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.8 Impairment (continued)

(b) Impairment of financial assets (continued)

The calculation of the present value of estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics which are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period which are indicative of changes in the probability of losses in the group and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectable, it is written off against the related allowance for loan impairment at the discretion of the management. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of comprehensive income.

(c) Impairment of loans

The Group assessed the impairment losses on all loans on the balance sheet date based on two methods: individual assessment and collective assessment. The Group applied the individual assessment method to test the impairment of loans that are individually significant. If an objective evidence could indicate the loan had impairment loss, the loss amount shall be measured at the difference between the book value of the loan and the discounted value of estimated future cash flows and allowance for impairment loss on loans would be set aside and recognized in the loss of the period; the solvency of the borrower, reasonable value of the collateral, compensatory ability of the guarantor and other factors shall be fully considered in the impairment testing. Loans that are not individually significant and unimpaired loan tested by the individual assessment shall be included in the loan portfolio with similar characteristics. Their impairment losses shall be assessed collectively, and corresponding allowance for the impairment losses shall be recognized in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.9 Non-current assets held-for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The Group acts as an investment manager to a number of investment funds, and has provided seed capital for the set up of these funds. Certain interests in such investment funds are controlled by the Group and are classified 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.

2.10 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and those being designated in accordance with the measurement exemption within HKAS 28. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading.

Held for trading financial assets are included in current assets. Financial assets at fair value through profit or loss being designated in accordance with the measurement exemption within HKAS 28 are included in non-current assets unless management intends to dispose of the financial assets within 12 months of the end of the reporting period.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's loans and receivables comprise mainly loan portfolio, fees receivable, other receivables, cash and cash equivalents.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. They are included in non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the financial assets. They are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statement of comprehensive income in the period in which they arise. Changes in the fair value of securities classified as available-for-sale financial assets are recognized in other comprehensive income.

When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of comprehensive income as gains and losses from available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

The fair value of quoted financial assets is based on last traded market prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using external valuations or valuation techniques. These include the use of prices provided by fund administrators and valuations performed by external valuation specialists, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated statement of comprehensive income. Impairment losses recognized in the consolidated statement of comprehensive income on equity securities classified as available-for-sale financial assets are not reversed through the consolidated statement of comprehensive income.

Transfers between levels of the fair value measurement hierarchy are recognized as of the date of the event or change in circumstances that caused the transfer.

2.11 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The derivative financial instruments are designated as non-hedging instruments and are classified as current assets or liabilities. Changes in the fair value of any non-hedging derivative financial instruments are recognized immediately in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Fees receivable

Fees receivable are initially recognized at fair value of the fee income receivable and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. A provision for impairment of fees receivable is established when there is objective evidence that the Group will not be able to collect all amounts due.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and brokers with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds. Costs directly attributable to the repurchase of issued ordinary shares are shown in equity as a deduction and the nominal value of the shares repurchased is transferred from retained earnings to the capital redemption reserve.

2.16 Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the reporting date in the jurisdictions where the Group and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.16 Current and deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

2.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan in the consolidated statement of comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the provision of services have been resolved. Revenue is recognized as follows:

(a) Fees from investment management activities

Management fees are recognized on a time-proportion basis with reference to the net asset value of the investment funds and managed accounts.

Performance fees are recognized on the performance fee valuation day of the investment funds and managed accounts when there is a positive performance for the relevant performance period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

(b) Fees from fund distribution activities

Front-end fees are recognized on a straight-line basis over the estimated holding periods of the investors in the investment funds. Any unrecognized amounts are treated as deferred income. Back-end fees are recognized upon redemption by the investors in the investment funds.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.19 Fee expenses

Fee expenses comprise:

(a) Distribution fee expenses

Distribution fee expenses represent rebates of management fee, performance fee and front-end fee income by the Group to the distributors for selling its products. Distribution fee expenses are recognized when the corresponding management fees, performance fees and front-end fees are earned by the Group and the Group is obliged to pay the rebates.

(b) Advisory fee expenses

Advisory fee expenses comprise fees paid and payable to the advisors for the provision of advisory services in relation to fund investment policies and strategies. Advisory fee expenses are recognized when the advisory services are received by the Group.

2.20 Compensation and benefits

(a) Bonus

The Group recognizes a liability and an expense for bonus on a basis that takes into consideration the profit attributable to owners of the Company and various other factors. The bonus is paid in cash to employees and directors. The Group recognizes a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.20 Compensation and benefits (continued)

(b) Share-based compensation (continued)

Non-market vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of share options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity. In the same financial period, the Company makes a recharge to the subsidiaries in respect of share options granted to the subsidiaries' employees.

(c) Pension obligations

The Group participates in various pension schemes which are defined contribution plans generally funded through payments to trustee-administered funds. The Group pays contributions to the pension schemes on a mandatory basis. The Group has no legal or constructive obligations to pay further contributions if the pension schemes do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The contributions are recognized as compensation and benefit expenses when they are due.

(d) Other employee benefits

Short-term employee benefit costs are charged in the period to which the employee services relate. Employee entitlements to annual leave and long-service leave are recognized when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the reporting date.

2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.22 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

2.24 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognized but is disclosed in the notes to the consolidated financial statements, where necessary, when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

3 Financial risk management

3.1 Financial risk factors

The Group's activities in relation to financial instruments expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management programme focuses on the analysis, evaluation and management of financial risks and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising primarily from fees receivable denominated in United States dollar, loan portfolio denominated in Renminbi and bank deposits denominated in Australian dollar, Renminbi, United States dollar and Taiwan dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations which are denominated in a currency that is not the entity's functional currency. Foreign currency exposures are covered by forward contracts and options whenever appropriate.

Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar (which is the functional currency of most of the Group's subsidiaries) is currently pegged to the United States dollar within a narrow range, the directors therefore consider that there are no significant foreign exchange risk with respect to the United States dollar.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)**3.1 Financial risk factors (continued)****(a) Foreign exchange risk (continued)**

The following table shows the approximate changes in the Group's post-tax profit for the year and equity in response to reasonable possible change in the foreign exchange rates to which the Group has significant exposure as at 31 December, with all other variables held constant.

	Change		Impact on post-tax profit		Impact on other components of equity	
	2015	2014	2015	2014	2015	2014
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
Australian dollar	+/- 5%	+/- 5%	+/-5,253	+/- 3,099	-	-
Renminbi	+/- 5%	+/- 5%	+/-15,548	+/- 25,123	+/-27,037	+/-22,732
Taiwan dollar	+/- 5%	+/- 5%	+/-1,326	+/- 1,348	+/-2,968	+/-3,557

Refer to Notes 20, 22, 23 and 29 below for additional disclosures on foreign exchange exposure.

(b) Interest rate risk

The Group's expenses and financing cash flows are substantially independent of changes in market interest rates as the Group has no interest bearing liabilities.

The Group is exposed to cash flow interest rate risk in respect of bank deposits which are interest-bearing at variable rates. All deposits are short-term deposits with maturities less than one year. The Group is also exposed to fair value interest rate risk in respect of its investments in debt securities and short-term loan.

Cash flow interest rate risk

As at 31 December 2015, if interest rates had been 50 basis points (2014: 50 basis points) (these represent a reasonable possible shift in the interest rates, having regard to the historical volatility of the interest rates) higher or lower with all other variables held constant, post-tax profit and equity for the year would have been HK\$1,175,000 higher or HK\$1,175,000 lower respectively (2014: HK\$652,000 higher or HK\$652,000 lower). The sensitivity analysis for the year ended 31 December 2015 and 2014 was primarily arising from the increase/decrease in interest income on cash and cash equivalents.

Fair value interest rate risk

The Group considered that the interest rate risk in relation to short-term loan is insignificant as at 31 December 2015. Therefore, no sensitivity analysis has been performed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group, which comprises investments in certain investment funds that it manages as seed capital and other investments in listed and unlisted equity securities and investment funds. The Group's investments in debt securities are subject to interest rate risk. Refer to Note 3.1(b) above.

The table below summarizes the impact of increases or decreases in the markets in which the Group's investments operate. For the purpose of measuring sensitivity of the Group's investments against markets, the Group uses the correlation between the price movements of the MSCI China Index and the Group's investments (other than debt securities) because the Group's investments mainly focus on the Greater China equities market and the directors consider that the MSCI China Index is a well-known index representing the universe of opportunities for investments in the Greater China equities market available to non-domestic investors.

The analysis is based on the assumption that the index had increased or decreased by the stated percentages (these represent a reasonable possible shift in the index, having regard to the historical volatility of the index) with all other variables held constant and the Group's investments moved according to the historical correlation with the index.

	Change		Post-tax profit	
	2015	2014	2015 HK\$'000	2014 HK\$'000
MSCI China Index	+/-10%	+/-10%	+/-94,940	+/-62,442

Post-tax profit for the year would increase or decrease as a result of gains or losses on investments classified as financial assets at fair value through profit or loss and investments held-for-sale.

Refer to Note 20 below for additional disclosures on price risk.

In addition to securities price risk in respect of investments held by the Group, the Group is exposed to price risk indirectly in respect of management fee and performance fee income which are determined with reference to the net asset value and performance of the investment funds and managed accounts respectively.

(d) Credit risk

Credit risk arises from cash and cash equivalents, time deposits, loan portfolio, restricted bank balances, related interest receivable placed with banks and financial institutions and investments in debt securities and amounts receivable on sale of investments. Credit risk also arises from credit exposures with respect to the investment funds and managed accounts on the outstanding fees receivable. The Group earns fees from investment management activities and fund distribution activities from the investment funds and managed accounts.

Credit risk is managed on a group basis and the credit quality of the counterparty is assessed, taking into account its financial position, past experience and other factors.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)**3.1 Financial risk factors (continued)****(d) Credit risk (continued)**Cash

The table below summarizes the credit quality (as illustrated by credit rating) of cash and cash equivalents, time deposits, restricted bank balances and related interest receivable placed with banks.

	2015 HK\$'000	2014 HK\$'000
AA-	7,278	–
A+	–	148,596
A	1,268,026	1,124,325
A-	80,340	21,815
BBB+	426,354	159,592
BBB	486,297	16,372
BBB-	–	339,267
Unrated	38,375	1,310
	2,306,670	1,811,277

The reference independent credit rating used is Standard & Poor's, Fitch Ratings or Moody's long-term local issuer credit rating. The directors do not expect any losses from non-performance by these counterparties.

Loan portfolio

Maximum exposures to credit risk before taking into account any collateral held or other credit enhancements are HK\$279,934,000 (2014: HK\$321,992,000).

Credit quality of the loan portfolio can be assessed by reference to historical information about counterparty default rates. The credit quality is analysed as follows.

	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	195,810	279,150
Past due but not impaired		
1 – 90 days	19,603	16,325
91 days – 1 year	14,357	165
Past due and impaired	53,132	26,352
Gross loan portfolio	282,902	321,992
Allowance for loan impairment	(32,591)	(9,868)
	250,311	312,124

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(d) Credit risk (continued)

Loan portfolio (continued)

As at 31 December 2015, the principal collateral types consist of land and property of HK\$223,331,000 (2014: HK\$227,373,000). The fair value of collaterals is determined as the lower of the market value of collateral and outstanding loan.

Fees receivable

As at 31 December 2015, fees receivable from the five major investment funds and managed accounts amounted to HK\$119,608,000 (2014: HK\$577,327,000), which accounted for 58% (2014: 83%) of the total outstanding balance. Refer to Note 22 below for additional disclosures on credit risk.

(e) Liquidity risk

The Group manages liquidity risk by maintaining a sufficient amount of liquid assets to ensure daily operational requirements are fulfilled. As at 31 December 2015, the Group held liquid assets of HK\$2,228,784,000 (2014: HK\$1,551,001,000), being cash and cash equivalents, that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's financial assets and liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cashflow.

The Group	2015				2014			
	No stated maturity HK\$'000	Less than 1 year HK\$'000	Between 1 and 5 years HK\$'000	Over 5 years HK\$'000	No stated maturity HK\$'000	Less than 1 year HK\$'000	Between 1 and 5 years HK\$'000	Over 5 years HK\$'000
Assets								
Investments								
Non-derivative financial instruments	1,178,697	-	-	-	1,068,547	-	-	-
Derivative financial instruments	-	37,257	-	-	-	-	-	-
Investments held-for-sale	-	209,394	-	-	-	29,528	-	-
Fees receivable	-	206,042	-	-	-	693,600	-	-
Loan portfolio, gross	-	198,112	141,459	-	-	202,625	170,585	-
Amounts receivable on sale of investments	-	7,227	-	-	-	254,935	-	-
Other receivables	-	16,093	-	-	-	25,177	-	-
Time deposits	-	70,073	-	-	-	250,169	-	-
Cash and cash equivalents	371,488	1,857,296	-	-	350,284	1,200,717	-	-
	1,550,185	2,601,494	141,459	-	1,418,831	2,656,751	170,585	-
Liabilities								
Accrued bonus	-	(142,111)	(746)	-	-	(235,506)	(561)	-
Distribution fee expenses payable	-	(116,963)	-	-	-	(77,016)	-	-
Other payables and accrued expenses	(1,841)	(28,975)	-	-	(1,371)	(34,736)	-	-
Short-term loan	-	(59,800)	-	-	-	(62,420)	-	-
	1,548,344	2,253,645	140,713	-	1,417,460	2,247,073	170,024	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities. The Group monitors capital on the basis of total equity as shown in the consolidated balance sheet. The Group's strategy is to maintain a solid capital base to support the operations and development of its business in the long term.

As at 31 December 2015, Sensible Asset Management Hong Kong Limited, Sensible Asset Management Limited, Value Partners Hong Kong Limited, Value Partners Limited and Value Partners Private Equity Limited, wholly-owned subsidiaries of the Group, are licensed to carry out regulated activities under the Hong Kong Securities and Futures Ordinance as follows:

Sensible Asset Management Hong Kong Limited ^(a)	Types 4 and 9
Sensible Asset Management Limited ^(a)	Types 4 and 9
Value Partners Hong Kong Limited	Types 1, 4, 5 and 9
Value Partners Limited	Types 1, 4, 5 and 9
Value Partners Private Equity Limited ^(a)	Types 4 and 9

(a) The regulated entities are subject to specified licensing conditions.

The types of regulated activities are as follows:

Type 1	Dealing in securities
Type 4	Advising on securities
Type 5	Advising on futures contracts
Type 9	Asset management

As a result, they are subject to capital requirements on the paid-up capital and liquid capital and file financial returns with the Securities and Futures Commission as follows:

Sensible Asset Management Hong Kong Limited	Half-yearly
Sensible Asset Management Limited	Half-yearly
Value Partners Hong Kong Limited	Monthly
Value Partners Limited	Monthly
Value Partners Private Equity Limited	Half-yearly

In addition, Value Partners Concord Asset Management Co., Ltd. is subject to a minimum capital requirement on the paid-up capital for its asset management business in Taiwan.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)

3.3 Fair value estimation

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

	Level 1		Level 2		Level 3		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Investments (Note 20)								
Listed securities	301,505	344,182	-	-	-	-	301,505	344,182
Unlisted securities								
Investment funds – Cayman Islands	-	-	519,506	546,986	3,015	3,326	522,521	550,312
Others	-	-	354,671	174,053	-	-	354,671	174,053
Derivative financial instruments	-	-	-	-	37,257	-	37,257	-
Investments held-for-sale (Note 21)	-	-	209,394	29,528	-	-	209,394	29,528

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted bid prices (or net asset value) provided by fund administrators for unlisted investment funds. These investment funds invest substantially in listed equities.
- Other techniques, such as valuations performed by external valuation specialists, recent arm's length transactions or reference to other instruments that are substantially the same, for the remaining financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)**3.3 Fair value estimation (continued)**

The following table presents the movement of level 3 instruments.

	Investments	
	2015 HK\$'000	2014 HK\$'000
As at 1 January	3,326	52
Addition to level 3	39,391	3,100
Return of capital from investment	(243)	–
Losses recognized in profit or loss	(2,026)	(265)
(Losses)/gains recognized in other comprehensive income	(176)	439
As at 31 December	40,272	3,326
Total (losses)/gains for the year included in the consolidated statement of comprehensive income for level 3 instruments for the year	(2,202)	174
Change in unrealized gains or losses for level 3 instruments held at year end and included in net (losses)/gains on investments	(2,202)	174

The level 3 instruments include investment funds and a derivative financial instrument which are lack of marketability. Such investment funds are stated with reference to the net asset value provided by the respective administrators of the investment funds. If the net asset value of the investment funds is not available or the Group considers that such net asset value is not reflective of fair value, the Group may exercise its judgement and discretion to determine the fair value of the investment funds. The fair value of the derivative financial instrument is determined using discounted cash flow analysis. There were no changes in valuation techniques during the period.

For these level 3 investments, no quantitative unobservable inputs are used to determine their fair value. No quantitative analysis would be presented.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4 Critical accounting estimates and judgements

(a) Fair value estimation of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using external valuations or valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The resulting accounting estimates may not be equal to the related actual results.

(b) Fair value estimation of share options

The Group determines the fair value of its share options using the Black-Scholes valuation model which requires input of subjective assumptions as disclosed in Note 26 below. Any change in the subjective input assumptions may materially affect the fair value of an option.

(c) Estimated impairment of goodwill and other intangible assets

The Group tests annually whether goodwill and other intangible assets have suffered any impairment in accordance with accounting policies stated in Note 2.8(a) above. The recoverable amounts of CGUs have been determined based on value-in-use calculations or their fair value less costs of disposal, whichever is appropriate, and both bases require the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Note 18.1 below.

(d) Impairment allowances on loan portfolio

The Group reviews its loan portfolio to assess impairment regularly. In determining whether an impairment loss should be recorded in the consolidated statement of comprehensive income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(e) Investment funds managed by the Group

The Group acts as an investment manager to a number of investment funds and has provided seed capital for the set up of these funds. When determining whether the Group controls these funds, usually the level of aggregate economic interests of the Group in these funds and the level of investors' rights to remove the investment manager are considered.

The Group determines that it has no control over some investment funds since the level of aggregate economic interests of the Group in those funds is not so significant that it gives the Group control over the funds, taking into consideration the level of investors' rights to remove the investment manager.

The Group determines that it has control over some investment funds and has classified them as held-for-sale as it 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.

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5 Segment information

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

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

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

The Group set up a small loan business in Chengdu and has commenced business since 2012. Major income of this small loan business includes interest income and administrative fee income.

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

Profit or loss

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

	Year ended 31 December 2015			Year ended 31 December 2014		
	Asset management business HK\$'000	Small loan business HK\$'000	Total HK\$'000	Asset management business HK\$'000	Small loan business HK\$'000	Total HK\$'000
Income from external customers	1,705,460	62,797	1,768,257	1,539,406	60,039	1,599,445
Distribution and advisory fee expenses	(693,455)	–	(693,455)	(370,439)	–	(370,439)
Net fee income	1,012,005	62,797	1,074,802	1,168,967	60,039	1,229,006
Other income	31,232	3,816	35,048	26,991	3,056	30,047
Total net income	1,043,237	66,613	1,109,850	1,195,958	63,095	1,259,053
Depreciation and amortization	(10,114)	(764)	(10,878)	(5,496)	(935)	(6,431)
Operating expenses	(531,074)	(53,872)	(584,946)	(469,964)	(33,057)	(503,021)
Operating profit (before other gains/losses)	502,049	11,977	514,026	720,498	29,103	749,601
Other (losses)/gains – net	(133,760)	–	(133,760)	160,421	–	160,421
Operating profit (after other gains/losses)	368,289	11,977	380,266	880,919	29,103	910,022
Share of (loss)/gain of an associate	(5,132)	–	(5,132)	20,626	–	20,626
Profit before tax	363,157	11,977	375,134	901,545	29,103	930,648
Tax expense	(99,620)	(4,726)	(104,346)	(118,538)	(10,709)	(129,247)
Profit for the year	263,537	7,251	270,788	783,007	18,394	801,401

Income from external customers consists of fee income from asset management business of HK\$1,705,460,000 (2014: HK\$1,539,406,000), interest income from small loan business of HK\$61,253,000 (2014: HK\$55,466,000) and fee income from small loan business of HK\$1,544,000 (2014: HK\$4,573,000).

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For the year ended 31 December 2015

5 Segment information (continued)

Assets

	As at 31 December 2015			As at 31 December 2014		
	Asset management business HK\$'000	Small loan business HK\$'000	Total HK\$'000	Asset management business HK\$'000	Small loan business HK\$'000	Total HK\$'000
Property, plant and equipment	15,419	1,042	16,461	12,540	1,213	13,753
Intangible assets	13,556	322	13,878	32,262	144	32,406
Investment in an associate	–	–	–	102,651	–	102,651
Deferred tax assets	2,005	8,148	10,153	3,397	400	3,797
Investments	1,215,954	–	1,215,954	1,068,547	–	1,068,547
Investments held-for-sale	209,394	–	209,394	29,528	–	29,528
Fees receivable	206,042	–	206,042	693,600	–	693,600
Loan portfolio, net	–	250,311	250,311	–	312,124	312,124
Amounts receivable on sale of investments	7,227	–	7,227	254,935	–	254,935
Prepayments and other receivables	25,324	3,595	28,919	34,250	7,173	41,423
Time deposits	67,573	2,500	70,073	247,634	2,535	250,169
Cash and cash equivalents	2,040,386	188,398	2,228,784	1,407,570	143,431	1,551,001
Other assets	8,583	–	8,583	8,703	–	8,703
	3,811,463	454,316	4,265,779	3,895,617	467,020	4,362,637

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

The Company is domiciled in the Cayman Islands with the Group's major operations in the Greater China. The revenue from external customers mainly arises from the Greater China region. The Board of Directors considers that substantially all the assets of the Group are located in Hong Kong.

Revenues of approximately HK\$91,424,000 (2014: HK\$81,366,000) are derived from a single external customer of the asset management business segment.

6 Revenue

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7 Distribution and advisory fee expenses

Distribution and advisory fee expenses payable to third parties are recognized over the period for which the services are provided.

	2015 HK\$'000	2014 HK\$'000
Distribution fee expenses	688,933	366,535
Advisory fee expenses	4,522	3,904
Total fee expenses	693,455	370,439

8 Other income

	2015 HK\$'000	2014 HK\$'000
Interest income on cash and cash equivalents, time deposits and restricted bank balances	18,583	12,995
Dividend income on financial assets at fair value through profit or loss	8,824	8,279
Dividend income on available-for-sale financial assets	7,320	6,016
Interest income on debt securities	–	1,547
Others	321	1,210
Total other income	35,048	30,047

9 Compensation and benefit expenses

	2015 HK\$'000	2014 HK\$'000
Salaries, wages and other benefits	196,164	160,092
Bonus	141,687	235,816
Share-based compensation (Notes 26 and 27)	101,572	4,044
Pension costs	5,424	2,562
Total compensation and benefit expenses	444,847	402,514

9.1 Pension costs – mandatory provident fund scheme

There were no forfeited contributions utilized during the year ended 31 December 2015 (2014: Nil) and as at 31 December 2015 (2014: Nil) to reduce future contributions.

As at 31 December 2015, no contributions were payable to the mandatory provident fund scheme (2014: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9 Compensation and benefit expenses (continued)

9.2 Five highest-paid individuals

The five highest-paid individuals in the Group during the year ended 31 December 2015 included four (2014: four) directors whose emoluments are reflected in the analysis shown in Note 38. Details of the remuneration of the remaining highest-paid individual are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, wages and other benefits	3,028	3,552
Management bonus	11,233	19,449
Share-based compensation	12,837	689
Pension costs – mandatory provident fund scheme	18	17
	27,116	23,707

Individual emoluments were within the following bands:

	Number of individuals	
	2015	2014
HK\$20,000,001 to HK\$25,000,000	0	1
HK\$25,000,001 to HK\$30,000,000	1	0

9.3 Senior management remuneration by band

Details of the remuneration of the senior management were within the following bands:

	Number of individuals	
	2015	2014
Below HK\$5,000,000	4	2
HK\$5,000,001 to HK\$10,000,000	0	1
HK\$10,000,001 to HK\$15,000,000	1	1
HK\$20,000,001 to HK\$25,000,000	0	1
HK\$25,000,001 to HK\$30,000,000	1	0

Notes to the Consolidated Financial Statements

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10 Other expenses

	2015	2014
	HK\$'000	HK\$'000
Charge of loan impairment allowances (Note 25.2)	24,281	8,346
Marketing expenses	18,075	15,286
Research expenses	12,311	11,590
Depreciation and amortization (Notes 17 and 18)	10,878	6,431
Travelling expenses	8,880	7,247
Office expenses	7,003	6,144
Legal and professional fees	5,753	3,057
Recruitment expenses	4,633	3,213
Auditor's remuneration	4,261	3,849
Insurance expenses	4,252	3,764
Entertainment expenses	3,342	3,295
Registration and licensing fees	1,962	1,438
Donations	1,886	1,830
Transaction costs	1,763	2,393
Others	14,778	7,685
Total other expenses	124,058	85,568

11 Other (losses)/gains – net

	2015	2014
	HK\$'000	HK\$'000
Net (losses)/gains on investments		
Gains on financial assets at fair value through profit or loss	89,046	162,845
Losses on financial assets at fair value through profit or loss	(119,012)	(16,223)
Gains on disposal of available-for-sale financial assets	420	3,734
Losses on disposal of available-for-sale financial assets	–	(1,866)
Net (losses)/gains on investments held-for-sale		
Gains on investments held-for-sale (Note 21)	6,517	57,681
Losses on investments held-for-sale (Note 21)	(8,204)	–
Impairment loss on investment in an associate (Note 19)	(42,754)	(10,100)
Impairment loss on goodwill and license	(24,771)	(26,300)
Others		
Net foreign exchange losses	(35,197)	(9,650)
Gains on disposal of property, plant and equipment	195	300
Total other (losses)/gains – net	(133,760)	160,421

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12 Tax expense

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

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

	2015 HK\$'000	2014 HK\$'000
Current tax		
Hong Kong profits tax	54,280	107,255
Overseas tax	59,898	29,738
Adjustments in respect of prior years	(3,476)	(4,503)
Total current tax	110,702	132,490
Deferred tax		
Origination and reversal of temporary differences (Note 28)	(6,356)	(3,243)
Total tax expense	104,346	129,247

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015 HK\$'000	2014 HK\$'000
Profit before tax	375,134	930,648
Tax calculated at domestic tax rates applicable to profits in the respective countries	75,833	156,031
Tax effects of:		
Share of an associate's results and impairment loss	7,901	(1,737)
Non-taxable income and gains on investments	(47,150)	(62,982)
Non-deductible expenses and losses on investments	71,238	42,438
Adjustments in respect of prior years	(3,476)	(4,503)
Tax expense	104,346	129,247

The weighted average applicable tax rate was 20.2% (2014: 16.8%). The increase is caused by a change in the profitability of the Group's subsidiaries in respective regions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

13 Other comprehensive loss

	2015	2014
	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	(3,922)	5,029
Reclassification adjustments for losses included in profit or loss	–	(633)
Fair value (losses)/gains on available-for-sale financial assets (Notes 20.1 and 27)	(3,922)	4,396
Foreign exchange translation	(27,553)	(12,260)
Total other comprehensive loss	(31,475)	(7,864)

14 Earnings per share**14.1 Basic earnings per share**

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	2015	2014
Profit for the year attributable to owners of the Company (HK\$'000)	273,586	804,179
Weighted average number of ordinary shares in issue (thousands)	1,844,440	1,770,285
Basic earnings per share (HK cents per share)	14.8	45.4

14.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the share options. For share options, a calculation is made to determine the number of ordinary shares that could have been acquired at fair value (determined as the average closing market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of ordinary shares calculated as above is compared with the number of ordinary shares that would have been issued assuming the exercise of the share options.

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14 Earnings per share (continued)

14.2 Diluted earnings per share (continued)

	2015	2014
Profit for the year attributable to owners of the Company (HK\$'000)	273,586	804,179
Weighted average number of ordinary shares in issue (thousands)	1,844,440	1,770,285
Adjustments for share options (thousands)	6,506	5,728
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,850,946	1,776,013
Diluted earnings per share (HK cents per share)	14.8	45.3

15 Dividends

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

The directors recommend payment of a final dividend of HK10.0 cents per ordinary share and a special dividend of HK6.0 cents per ordinary share. The estimated total final dividend and total special dividend, based on the number of shares outstanding as at 31 December 2015, are HK184,871,000 and HK\$110,923,000 respectively. Such dividends are to be approved by the shareholders at the Annual General Meeting of the Company on 18 May 2016 and have not been recognized as a liability at the balance sheet date.

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16 Investments in subsidiaries

As at 31 December 2015, the Company had interests in the following principal subsidiaries:

Name	Place of incorporation	Principal activities and place of operation	Issued share capital	Effective interest held	
				Directly	Indirectly
Brilliant Star Capital (BVI) Limited	British Virgin Islands	Investment holding	1 ordinary share of US\$1	–	100%
Brilliant Star Capital (Cayman) Limited	Cayman Islands	Investment holding	1 ordinary share of HK\$0.1	100%	–
Brilliant Star Capital Limited	Hong Kong	Investment holding	350,000,000 ordinary shares	–	100%
Chengdu Vision Credit Limited	The People's Republic of China	Small loan business in China	Registered capital of RMB300,000,000	–	90%
Chief Union Investments Limited	Hong Kong	Money lending in Hong Kong	1 ordinary share	100%	–
Hong Kong Asset Management Group Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Original Capital Group Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Rough Seas Capital Holdings Limited	Hong Kong	Dormant	1,000,000 ordinary shares	100%	–
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management in Hong Kong	25,000,000 ordinary shares and 1,000,000 voting participating preference shares	100%	–
Sensible Asset Management Limited	British Virgin Islands	Investment management in Hong Kong	2,000,000 ordinary shares of US\$0.1 each	100%	–
Value Executive Solutions Co. Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Value Funds Limited	Hong Kong	Investment holding	1 ordinary share	100%	–
Value Investing Group Company Limited	Hong Kong	Dormant	1 ordinary share	100%	–
Value Partners (Cayman GP) II Ltd	Cayman Islands	Managing member of three investment funds managed by Value Partners Hong Kong Limited and Value Partners Limited	1 ordinary share of US\$1	100%	–
Value Partners Asset Management Singapore Pte. Ltd.	Singapore	Investment management in Singapore	250,000 ordinary shares of S\$1 each	100%	–
Value Partners Concord Asset Management Co., Ltd.	Taiwan	Investment management in Taiwan	30,000,000 ordinary shares of NT\$10 each	–	62.05%
Value Partners Corporate Consulting Limited	Hong Kong	Dormant	5,000,000 ordinary shares	100%	–
Value Partners Hong Kong Limited	Hong Kong	Investment management, investment holding and securities dealing in Hong Kong	385,000,000 ordinary shares	100%	–
Value Partners Index Services Limited	Hong Kong	Indexing services in Hong Kong	1 ordinary share	100%	–
Value Partners Investment Advisory Limited	Hong Kong	Consulting services in Hong Kong	25,000,000 ordinary shares	100%	–
Value Partners Limited	British Virgin Islands	Investment management, investment holding and securities dealing in Hong Kong	11,409,459 Class A ordinary shares and 3,893,318 Class B ordinary shares of US\$0.1 each	–	100%
Value Partners Private Equity Limited	British Virgin Islands	Investment management and provision of research and investment advisory services in Hong Kong	7,000,000 ordinary shares of US\$0.1 each	100%	–
Value Partners Technology Solutions Limited	Hong Kong	Providing information technology services	1 ordinary share	100%	–
Value Partners Technology Systems Limited (formerly Original Capital Limited)	Hong Kong	Providing information technology services	1 ordinary share	100%	–
Valuegate Holdings Limited	British Virgin Islands	Trademark holding in Hong Kong	2 ordinary shares of US\$1 each	100%	–
惠理海外投資基金管理(上海)有限公司 (formerly 上海惠理投資管理諮詢有限公司)	The People's Republic of China	Investment advisory in China	Registered capital of RMB20,000,000	–	100%
惠理股權投資管理(深圳)有限公司	The People's Republic of China	Investment advisory in China	Registered capital of RMB13,000,000	–	100%

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17 Property, plant and equipment

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Vehicles HK\$'000	Total HK\$'000
As at 1 January 2014					
Cost	12,460	3,685	9,868	1,589	27,602
Accumulated depreciation	(10,962)	(3,584)	(7,135)	(1,589)	(23,270)
Net book amount	1,498	101	2,733	–	4,332
Year ended 31 December 2014					
Opening net book amount	1,498	101	2,733	–	4,332
Additions	8,350	1,180	2,805	1,692	14,027
Exchange differences	(38)	(8)	(106)	–	(152)
Depreciation (Note 10)	(2,530)	(177)	(1,465)	(282)	(4,454)
Closing net book amount	7,280	1,096	3,967	1,410	13,753
As at 31 December 2014					
Cost	20,810	4,865	12,673	1,875	40,223
Accumulated depreciation	(13,530)	(3,769)	(8,706)	(465)	(26,470)
Net book amount	7,280	1,096	3,967	1,410	13,753
Year ended 31 December 2015					
Opening net book amount	7,280	1,096	3,967	1,410	13,753
Additions	4,402	166	5,095	652	10,315
Disposals	–	–	–	(172)	(172)
Exchange differences	(60)	(10)	(79)	164	15
Depreciation (Note 10)	(4,103)	(271)	(2,421)	(655)	(7,450)
Closing net book amount	7,519	981	6,562	1,399	16,461
As at 31 December 2015					
Cost	25,212	5,031	17,768	2,355	50,366
Accumulated depreciation	(17,693)	(4,050)	(11,206)	(956)	(33,905)
Net book amount	7,519	981	6,562	1,399	16,461

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18 Intangible assets

	License HK\$'000	Goodwill HK\$'000	Computer software HK\$'000	Total HK\$'000
As at 1 January 2014				
Cost	24,050	54,435	10,583	89,068
Accumulated amortization	–	–	(6,040)	(6,040)
Accumulated impairment	–	(27,414)	–	(27,414)
Net book amount	24,050	27,021	4,543	55,614
Year ended 31 December 2014				
Opening net book amount	24,050	27,021	4,543	55,614
Additions	–	–	5,135	5,135
Impairment	(13,500)	(12,800)	–	(26,300)
Exchange differences	–	–	(66)	(66)
Amortization (Note 10)	–	–	(1,977)	(1,977)
Closing net book amount	10,550	14,221	7,635	32,406
As at 31 December 2014				
Cost	24,050	54,435	15,718	94,203
Accumulated amortization	–	–	(8,083)	(8,083)
Accumulated impairment	(13,500)	(40,214)	–	(53,714)
Net book amount	10,550	14,221	7,635	32,406
Year ended 31 December 2015				
Opening net book amount	10,550	14,221	7,635	32,406
Additions	–	–	9,714	9,714
Impairment	(10,550)	(14,221)	–	(24,771)
Exchange differences	–	–	(43)	(43)
Amortization (Note 10)	–	–	(3,428)	(3,428)
Closing net book amount	–	–	13,878	13,878
As at 31 December 2015				
Cost	24,050	54,435	25,432	103,917
Accumulated amortization	–	–	(11,554)	(11,554)
Accumulated impairment	(24,050)	(54,435)	–	(78,485)
Net book amount	–	–	13,878	13,878

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18 Intangible assets (continued)

18.1 Impairment tests of goodwill and other intangible assets

As at 31 December 2015 and 2014, the carrying amounts of goodwill and license acquired in business combinations have been allocated to the following CGUs:

	License		Goodwill	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Sensible Asset Management Hong Kong Limited (“SAMHK”), in relation to the exchange-traded fund (“ETF”) business				
– Beginning of the year	–	–	14,221	27,021
Value Partners Concord Asset Management Co., Ltd. (“VP Concord”), in relation to the investment management business in Taiwan				
– Beginning of the year	10,550	24,050	–	–
Impairment charge	(10,550)	(13,500)	(14,221)	(12,800)
End of the year	–	10,550	–	14,221

The recoverable amount of a CGU is determined using the fair value less costs of disposal approach as consistent with prior years. The key assumptions for the fair value less costs of disposal calculations are those regarding the discount rates and growth rates. The Group estimates discount rates using weighted average cost of capital that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on management’s plan on launch of products and expected growth in assets under management. The Group prepares cash flows forecasts derived from the most recent financial budgets approved by the directors for the next year and extrapolates cash flows for the following five years based on estimated growth rates. Growth rates in a range between 5% and 100% (2014: 3% and 4%) have been applied to the SAMHK CGU and a range between 10% and 15% (2014: 30% and 50%) have been applied to the VP Concord CGU. A terminal growth rate of 3% (2014: 3%) has been used for the SAMHK CGU and the VP Concord CGU. The pre-tax rate used to discount the forecast cash flows was 15.7% (2014: 16.1%) for the SAMHK CGU and 15.4% (2014: 17.6%) for the VP Concord CGU.

In 2015, after revisiting the plan on products launch, the Group assessed the recoverable amounts of the SAMHK CGU and VP Concord CGU based on the estimated value-in-use calculations were lower than the carrying amounts. As a result, the carrying amounts of the goodwill and license were fully written down. An impairment loss of HK\$24,771,000 (2014: HK\$26,300,000) was recognised in “Other (losses)/gains-net”.

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19 Investment in an associate

	2015 HK\$'000	2014 HK\$'000
Beginning of the year	102,651	92,125
Share of results – (loss)/gain after tax	(5,132)	20,626
Impairment loss (Note 11)	(42,754)	(10,100)
Reclassification to investments held-for-sale (Note 21)	(54,765)	–
End of the year	–	102,651

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

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

The Group’s interest in the associate is summarized below:

	2015 HK\$'000	2014 HK\$'000
Carrying amount	–	102,651
Share of (loss)/profit from continuing activities and total comprehensive income	(5,132)	20,626
Impairment loss	(42,754)	(10,100)

In 2012, the Group acquired 49% interests in Goldstate Capital, a licensed mutual fund management company headquartered in Shanghai. A goodwill amounted to HK\$14,460,000 was generated from such acquisition transaction and was recognized within “Investment in an associate” in the consolidated balance sheet.

In 2015, the Group entered into a sale and purchase agreement with a third party to sell its 49% interests of Goldstate Capital for a total consideration of RMB45 million (equivalent to HK\$55 million), which is the fair value of the Group’s investment in Goldstate Capital. As a result, the carrying amount of the investment in an associate was written down, and an impairment loss of HK\$42,754,000 (2014: HK\$10,100,000) was recognized in “Other (losses)/gains-net”.

As at 31 December 2015, the completion of the transaction was pending approval by relevant Chinese government authorities. The Group reclassified its interests in Goldstate Capital from “Investment in an associate” to “Investments held-for-sale”. Refer to Notes 21 and 36.

The Group also invested in certain investment funds that it manages and applied the measurement in accordance with accounting policies stated in Note 2.3 above. Details of such investment funds are summarized in Note 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

20 Investments

Investments include the following:

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

In addition to the above, some investments were classified as held-for-sale as at 31 December 2015 and 2014. Refer to Note 21 for details.

Interests in unconsolidated structured entities

The Group acts as an investment manager or investment advisor to a number of investment funds. It has provided seed capital for the set up of these funds. As at 31 December 2015 and 2014, the Group determined that all of these investment funds are unconsolidated structured entities. Refer to Note 35.3 for details.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

20 Investments (continued)

The maximum exposure to loss for all interests in structured entities is the carrying value of the investments in investment funds (refer to Note 35.3) and fees receivable as shown in the consolidated balance sheet. The size of the investment funds ranges from US\$0.7 million to US\$3.9 billion (2014: US\$3.2 million to US\$2.9 billion). During the year, the Group did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

Investments are denominated in the following currencies:

	2015	2014
	HK\$'000	HK\$'000
Australian dollar	16,353	16,179
Hong Kong dollar	341,029	344,010
Renminbi	182,559	196,439
Singapore dollar	6,463	8,379
Taiwan dollar	1,127	3,201
United States dollar	667,878	499,734
Others	545	605
Total investments	1,215,954	1,068,547

20.1 Available-for-sale financial assets

The movement of available-for-sale financial assets is as follows:

	2015	2014
	HK\$'000	HK\$'000
Beginning of the year	34,389	125,997
Additions	102,519	3,294
Disposals	(24,918)	(99,838)
Fair value (losses)/gains (Notes 13 and 27)	(3,922)	4,396
Amortization	–	540
End of the year	108,068	34,389

There was no impairment provision on available-for-sale financial assets as at 31 December 2015 (2014: Nil).

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For the year ended 31 December 2015

21 Investments held-for-sale

As at 31 December 2015, the carrying amount of the Group's investments in Goldstate Capital, a 49% owned associate of the Group, have been presented as held-for-sale after the Group entered into a sale and purchase agreement with a third party to sell its interest in the associate. Refer to Note 19 for details.

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

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

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

	2015 HK\$'000	2014 HK\$'000
Change in unrealized gains/losses on investments held-for-sale	(7,832)	(3,254)
Realized gains on investments held-for-sale	6,145	60,935
Net (losses)/gains on investments held-for-sale	(1,687)	57,681

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

22 Fees receivable

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

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

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

Fees receivable are denominated in the following currencies:

	2015	2014
	HK\$'000	HK\$'000
Australian dollar	818	4,354
Hong Kong dollar	25,294	39,571
Renminbi	26,079	13,675
United States dollar	153,768	635,561
Others	83	439
	206,042	693,600

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

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

Notes to the Consolidated Financial Statements

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23 Cash and cash equivalents

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

Cash and cash equivalents are denominated in the following currencies:

	2015 HK\$'000	2014 HK\$'000
Australian dollar	81,946	36,383
Hong Kong dollar	979,715	704,933
Japanese yen	37	93
Renminbi	373,638	360,997
Singapore dollar	5,031	12,459
Taiwan dollar	23,911	3,390
United States dollar	764,506	432,746
Total cash and cash equivalents	2,228,784	1,551,001

24 Other assets

	2015 HK\$'000	2014 HK\$'000
Restricted bank balances	5,984	6,198
Others	2,599	2,505
Total other assets	8,583	8,703

In accordance with the Regulations Governing the Conduct of Discretionary Investment Business and the Regulations Governing Offshore Funds of Taiwan, as at 31 December 2015, VP Concord, a subsidiary of the Group, placed a deposit of NT\$25 million (equivalent to HK\$5,900,000) (2014: NT\$25 million (equivalent to HK\$6,110,000)) as a financial guarantee with Bank Sinopac so that it can operate in the business of discretionary investment management and sales of offshore funds in Taiwan.

In addition, bank deposits of RMB70,000 (equivalent to HK\$84,000) (2014: RMB70,000 (equivalent to HK\$88,000)) were placed as a minimum reserve for the Group's investment in equity securities in China.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

25 Loan portfolio, net**25.1 Loan portfolio less allowance**

	2015 HK\$'000	2014 HK\$'000
Loan portfolio in the People's Republic of China		
Corporate	51,918	95,940
Personal	230,984	226,052
	282,902	321,992
Allowance for impairment	(32,591)	(9,868)
Total loan portfolio, net	250,311	312,124
Representing:		
Non-current	104,275	141,031
Current	146,036	171,093
Total loan portfolio, net	250,311	312,124

The fair value of the loan portfolio approximates its carrying value and it is short-term in nature.

As at 31 December 2015, the loan portfolio had a weighted average remaining term of 2.2 years (2014: 2.3 years) on a contractual basis, without taking into account any prepayment of loans. Final maturity of the loan portfolio is in the year 2020.

25.2 Allowance for loan impairment

Collective assessment	2015 HK\$'000	2014 HK\$'000
Beginning of the year	3,470	1,637
Charged to the consolidated statement of comprehensive income (Note 10)	(242)	1,888
Exchange differences	(147)	(55)
End of the year	3,081	3,470
Individual assessment	2015 HK\$'000	2014 HK\$'000
Beginning of the year	6,398	–
Charged to the consolidated statement of comprehensive income (Note 10)	24,523	6,458
Exchange differences	(1,411)	(60)
End of the year	29,510	6,398

As at 31 December 2015, the allowance for collectively assessed loan impairment amounted to 1.1% of the outstanding principal balances of the loan portfolio (2014: 1.1%), and the allowance for individually assessed loan impairment amounted to 55.5% of the impaired loan portfolio (2014: 24.3%).

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26 Issued equity

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

As at 31 December 2015, the total authorized number of ordinary shares of the Company was 5,000,000,000 shares (2014: 5,000,000,000 shares) with a par value of HK\$0.1 (2014: HK\$0.1) per share and all issued shares were fully paid.

The ordinary shares are non-redeemable and are entitled to dividends. Each ordinary share carries one vote. In the case of winding up of the Company, ordinary shares carry the right to return the paid-up capital and any balance then remaining.

Share options

The Group operates a share option scheme for directors, employees and others whom the Board of Directors considers, in its sole discretion, have contributed or will contribute to the Group. The share option scheme is effective for a period of ten years from the date it was adopted, after which no new share options will be granted but the provisions of the scheme will remain in full force and effect in all other respects. The share options are subject to terms as the Board of Directors may determine. Such terms may include the exercise price of the share options, the minimum period for which the share options must be held before they can be exercised in whole or in part, the conditions that must be reached before the share options can be exercised. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. 140,920,000 options were granted under the share option scheme for the year ended 31 December 2015 (2014: Nil).

The total expense recognized in the consolidated statement of comprehensive income for share options granted to directors and employees for the year ended 31 December 2015 was HK\$101,572,000 (2014: HK\$4,044,000) which has no impact to the Group's cash flow. The weighted average fair value of options granted during the year 2015 was determined using the Black-Scholes valuation model. The total fair value of options granted is amortized over the vesting period. The significant inputs into the model included share price at the grant date, exercise price, estimated volatility, estimated dividend yield based on historical dividend per share for year 2014, expected option life and annual risk-free interest rate. The volatility was measured based on historic average share price volatility over a period of similar maturity to those of the share options.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

26 Issued equity (continued)**Share options (continued)**

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

	Average exercise price (HK\$ per share)	Number of options (‘000)
As at 1 January 2014	5.18	101,515
Lapsed	5.50	(403)
Exercised	5.50	(80,912)
Exercised	5.00	(550)
As at 31 December 2014	3.82	19,650
As at 1 January 2015	3.82	19,650
Granted	13.60	44,500
Granted	14.09	96,420
Forfeited	13.60	(270)
Forfeited	14.09	(130)
Exercised	2.44	(6,400)
Exercised	5.00	(2,550)
Exercised	3.94	(3,100)
As at 31 December 2015	13.46	148,120

Out of the 148,120,000 (2014: 19,650,000) outstanding share options, 7,600,000 (2014: 16,750,000) options were exercisable as at 31 December 2015 with weighted average exercise price of HK\$4.55 (2014: HK\$3.75) per share. 12,050,000 (2014: 81,462,000) options were exercised during the year ended 31 December 2015.

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

Expiry date	Exercise price (HK\$ per share)	Number of options (‘000)	
		2015	2014
26 October 2015	2.44	–	6,400
22 December 2016	5.00	2,000	4,550
11 November 2021	13.60	44,230	–
16 December 2021	14.09	96,290	–
30 May 2022	3.94	1,600	4,700
6 December 2022	4.56	4,000	4,000

The measurement dates of the share options were 17 June 2015, 12 May 2015, 7 December 2012, 31 May 2012, 23 June 2010, 27 April 2009, being the dates of grant of the share options, and 27 July 2015, being the date of the Group’s extraordinary general meeting approving the grant of 54,800,000 share options to Dato’ Cheah Cheng Hye. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse. Forfeiture rate is also considered in determining the amount of share option expenses.

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27 Other reserves

	Share-based compensation reserve HK\$'000	Revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Capital reserve ^(a) HK\$'000	Foreign exchange translation reserve HK\$'000	Regulatory reserve HK\$'000	Total HK\$'000
As at 1 January 2014	164,549	15,188	240	(1,341)	13,720	455	192,811
Share-based compensation (Note 9)	4,044	-	-	-	-	-	4,044
Fair value gains on available-for-sale financial assets (Note 20.1)	-	4,396	-	-	-	-	4,396
Foreign exchange translation reserve	-	-	-	-	(10,065)	-	(10,065)
As at 31 December 2014	168,593	19,584	240	(1,341)	3,655	455	191,186
As at 1 January 2015	168,593	19,584	240	(1,341)	3,655	455	191,186
Share-based compensation (Note 9)	101,572	-	-	-	-	-	101,572
Fair value losses on available-for-sale financial assets (Note 20.1)	-	(3,922)	-	-	-	-	(3,922)
Foreign exchange translation reserve	-	-	-	-	(24,912)	-	(24,912)
Acquisition of additional interest in a subsidiary	-	-	-	(841)	-	-	(841)
As at 31 December 2015	270,165	15,662	240	(2,182)	(21,257)	455	263,083

(a) Capital reserve arises from transactions with non-controlling interests that do not result in a loss of control.

28 Deferred tax

The movement of deferred tax assets is as follows:

Deferred tax assets	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
As at 1 January 2014	554	-	554
(Debited)/credited to the consolidated statement of comprehensive income (Note 12)	(554)	3,797	3,243
As at 31 December 2014	-	3,797	3,797
As at 1 January 2015	-	3,797	3,797
Credited to the consolidated statement of comprehensive income (Note 12)	-	6,356	6,356
As at 31 December 2015	-	10,153	10,153

Notes to the Consolidated Financial Statements

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28 Deferred tax (continued)

The analysis of deferred tax assets is as follows:

	2015 HK\$'000	2014 HK\$'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	9,642	3,239
– Deferred tax asset to be recovered within 12 months	511	558
	10,153	3,797

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

29 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:

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

Distribution fee expenses payable are denominated in the following currencies:

	2015 HK\$'000	2014 HK\$'000
Taiwan dollar	11	32
United States dollar	116,952	76,984
Total distribution fee expenses payable	116,963	77,016

30 Short-term loan

At 31 December 2015, the short-term loan of RMB50,000,000 (equivalent to HK\$59,800,000) (2014: RMB50,000,000 (equivalent to HK\$62,420,000)) bears an annual interest rate of 4.45% (2014: 4.45%) and is repayable in January 2016 (2014: January 2015). Such loan is secured by the cash deposit of Brilliant Star Capital Limited, a subsidiary of the Company.

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31 Financial instruments by category

	2015 HK\$'000	2014 HK\$'000
Category of financial assets		
Loans and receivables		
Loan portfolio, net (Note 25)	250,311	312,124
Restricted bank balances	5,984	6,198
Fees receivable	206,042	693,600
Amounts receivable on sale of investments	7,227	254,935
Other receivables	12,246	25,177
Time deposits	70,073	250,169
Cash and cash equivalents	2,228,784	1,551,001
	2,780,667	3,093,204
Financial assets at fair value through profit or loss		
Investments (Note 20)	1,107,886	1,034,158
Investments held-for-sale (Note 21)	209,394	29,528
	1,317,280	1,063,686
Available-for-sale financial assets		
Investments (Note 20)	108,068	34,389
Category of financial liabilities		
Other financial liabilities at amortized cost		
Accrued bonus	142,857	236,067
Distribution fee expenses payable	116,963	77,016
Other payables and accrued expenses	30,816	36,107
Short-term loan	59,800	62,420
	350,436	411,610

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32 Notes to the consolidated cash flow statement

	2015 HK\$'000	2014 HK\$'000
Profit before tax	375,134	930,648
<i>Adjustments for</i>		
Interest income from loan portfolio	(61,253)	(55,466)
Interest income on cash and cash equivalents and restricted bank balances	(18,583)	(12,995)
Interest income on debt securities	–	(1,547)
Dividend income	(16,144)	(14,295)
Share-based compensation	101,572	4,044
Depreciation and amortization	10,878	6,431
Impairment loss on goodwill and licenses	24,771	26,300
Impairment loss on investment in associate	42,754	10,100
Charge of loan impairment allowances	24,281	8,346
Other losses/(gains) – net	31,038	(196,821)
Share of gain/(loss) of an associate	5,132	(20,626)
<i>Changes in working capital</i>		
Other assets	120	341
Fees receivable	487,558	(307,202)
Loan portfolio, net	61,813	(80,405)
Time deposits	180,096	(250,169)
Prepayments and other receivables	6,282	(9,478)
Accrued bonus	(93,210)	111,007
Distribution fee expenses payable	39,947	22,214
Other payables and accrued expenses	(5,291)	17,194
Net cash generated from operations	1,196,895	187,621

33 Commitments**33.1 Operating lease commitments**

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

	2015 HK\$'000	2014 HK\$'000
Not later than one year	24,255	20,166
Later than one year and not later than five years	24,939	34,734
Total operating lease commitments	49,194	54,900

33.2 Capital commitments

As at 31 December 2015, the Group has unfunded capital commitment in a private equity fund amounted to US\$600,000 (equivalent to HK\$4,656,000) (2014: US\$600,000 (equivalent to HK\$4,656,000)). As at the end of the year, the Group also has a capital commitment to purchase licensed software amounted to HK\$3,000,000 (2014: nil).

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34 Contingencies

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

34.1 Contingent assets

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

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

34.2 Contingent liabilities

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

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

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35 Related-party transactions

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

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

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

	2015	2014
	HK\$'000	HK\$'000
Consultancy fee to a close family member of key management personnel	(289)	(275)
Rental expenses paid by a subsidiary to an associate	–	(319)

35.2 Key management compensation

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

	2015	2014
	HK\$'000	HK\$'000
Management bonus, salaries and other short-term employee benefits	75,240	121,969
Share-based compensation	60,389	2,351
Pension costs	72	68
Total key management compensation	135,701	124,388

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35 Related-party transactions (continued)**35.3 Investments in investment funds which are managed/advised by the Group**

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

	Fair value	
	2015 HK\$'000	2014 HK\$'000
ASTON/Value Partners Asia Dividend Fund	58,474	–
Premium Asia Income Fund	16,056	15,882
Value China ETF	4,816	5,465
Value Gold ETF	117,003	132,588
Value Japan ETF	8,624	8,358
Value Korea ETF	7,890	8,520
Value Partners Asia Fund, LLC	293	294
Value Partners Big Data Fund	93,372	–
Value Partners China A-Share Select Fund ^(a)	83	–
Value Partners China Greenchip Fund Limited ^(b)	138,405	159,211
Value Partners Classic Equity Fund ^{(c), (d)}	108,267	105,614
Value Partners Classic Fund ^(e)	86,402	88,332
Value Partners Concord China Dim Sum High Yield Bond Fund	–	3,201
Value Partners Concord Greater China Value Fund	23,204	–
Value Partners Concord Taiwan Home Run Fund ^(c)	–	29,528
Value Partners Concord ETF Income Fund of Funds ^(a)	1,127	–
Value Partners Credit Fund ^(g)	1	1
Value Partners Global Contrarian Fund ^(c)	13,252	19,691
Value Partners Greater China High Yield Income Fund ^(f)	19,116	19,968
Value Partners Health Care Fund	37,316	–
Value Partners Hedge Fund Limited ^(g)	2	2
Value Partners High-Dividend Stocks Fund ^(h)	264	301
Value Partners Intelligent Funds – China Convergence Fund ^(a)	71,856	72,288
Value Partners Intelligent Funds – Chinese Mainland Focus Fund	190,126	187,192
Value Partners Multi-Asset Fund	38,052	–
Value Partners Strategic Equity Fund ⁽ⁱ⁾	357	491
Value Taiwan ETF	8,340	10,320
中信•金元惠理金融投資集合資金信託計劃	14,080	14,035
金海九號證券投資集合資金信託計劃	13,647	3,473
Total investments in investment funds which are managed/advised by the Group	1,070,425	884,755

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

35 Related-party transactions (continued)

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

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

35.4 Investments in an investment fund managed by a related company and receivable from a related Company

As at 31 December 2015, the Group had investments in Malabar India Fund, LP amounted to HK\$24,136,000 (2014: HK\$23,175,000) which is managed by Malabar Investment LLC in which the Group had an interest of 6.62% (2014: 6.62%). The Group had no receivable (2014: Nil) from Malabar Investment LLC as at 31 December 2015.

35.5 Amounts due from and to subsidiaries

The amounts due from and to subsidiaries are unsecured, non-interest bearing and are not repayable within 12 months after the balance sheet date.

35.6 Dividends receivable

The amount is an interim dividend for the year ended 31 December 2015 and 2014 declared by Value Partners Hong Kong Limited to Value Partners Group Limited. The amount is unsecured and non-interest bearing.

36 Events after balance sheet date

On 15 February 2016, China Securities Regulatory Commission approved the Group's proposed disposal of its 49% interest of Goldstate Capital to a third party. As at the date of approval of these consolidated financial statements, the completion of the transaction was pending approval by Ministry of Commerce of the People's Republic of China. Refer to Note 19 for details.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37 Balance sheet and reserve movement of the Company**Balance Sheet of the Company**

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Investment in subsidiaries		1,393,652	1,377,918
Amounts due from subsidiaries		713,251	410,059
		2,106,903	1,787,977
Current assets			
Dividends receivable		410,000	220,000
Prepayments and other receivables		517	461
Cash and cash equivalents		28,953	418,436
		439,470	638,897
Current liabilities			
Other payables and accrued expenses		109	697
Current tax liabilities		–	5
		109	702
Net current assets		439,361	638,195
Non-current liabilities			
Amounts due to subsidiaries		23,081	37,474
Net assets		2,523,183	2,388,698
Equity			
Issued equity		2,244,346	2,203,793
Other reserves	(a)	270,405	168,833
Retained earnings	(a)	8,432	16,072
Total equity		2,523,183	2,388,698

On behalf of the Board

SO Chun Ki Louis
Director

TSE Wai Ming, Timothy
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37 Balance sheet and reserve movement of the Company (continued)**(a) Reserve movement of the Company**

	Share-based compensation reserve HK\$'000	Capital redemption reserve HK\$'000	Retained earnings HK\$'000
As at 1 January 2014	164,549	240	7,637
Share-based compensation	4,044	–	–
Profit for the year	–	–	196,242
Dividends	–	–	(187,807)
As at 31 December 2014	168,593	240	16,072
As at 1 January 2015	168,593	240	16,072
Share-based compensation	101,572	–	–
Profit for the year	–	–	397,786
Dividends	–	–	(405,426)
As at 31 December 2015	270,165	240	8,432

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

38 Benefits and interests of directors

38.1 Directors' emoluments

The remuneration of each director of the Company is as follows:

	Fees	Salaries	Management	Estimated money value of other	Pension costs	Total
	HK\$'000	HK\$'000	bonus	benefits ^(a)	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2015						
<i>Executive directors</i>						
Dato' Cheah, Cheng Hye	-	6,401	23,391	28,168	18	57,978
Ms Hung, Yeuk Yan Renee	-	2,484	11,233	12,257	18	25,992
Mr So, Chun Ki Louis	-	3,685	15,966	17,455	18	37,124
Mr Tse, Wai Ming, Timothy	-	2,949	7,600	4,040	18	14,607
<i>Independent non-executive directors</i>						
Dr Chen, Shih Ta Michael	300	-	-	494	-	794
Mr Lee, Siang Chin	300	-	-	565	-	865
Mr Oyama, Nobuo	300	-	-	500	-	800
	900	15,519	58,190	63,479	72	138,160
Year ended 31 December 2014						
<i>Executive directors</i>						
Dato' Cheah, Cheng Hye	-	6,110	40,223	4,619	17	50,969
Ms Hung, Yeuk Yan Renee	-	2,366	19,449	892	17	22,724
Mr So, Chun Ki Louis	-	3,510	29,744	983	17	34,254
Mr Tse, Wai Ming, Timothy	-	2,808	12,839	777	17	16,441
<i>Independent non-executive directors</i>						
Dr Chen, Shih Ta Michael	290	-	-	74	-	364
Mr Lee, Siang Chin	290	-	-	74	-	364
Mr Oyama, Nobuo	290	-	-	74	-	364
	870	14,794	102,255	7,493	68	125,480

- (a) Other benefits include share-based compensation, rebates of management fees and performance fees by the Group in relation to the directors' investments in the investment funds under the Group's management, insurance premium and professional bodies' membership.

None of the directors received or will receive any fees, inducement fees or compensation for loss of office as director for the year ended 31 December 2015 (2014: Nil). No directors waived or agreed to waive any emoluments for the year ended 31 December 2015 (2014: Nil).

38.2 Directors' material interests in transactions, arrangement or contracts

No significant transactions, arrangement and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Particulars of subsidiaries

As at 31 December 2015, details of the Group's subsidiaries under the Listing Rules are as follows:

Name	Place of incorporation	Principal activities and place of operation	Issued share capital
Brilliant Star Capital (BVI) Limited	British Virgin Islands	Investment holding	US\$1
Brilliant Star Capital (Cayman) Limited	Cayman Islands	Investment holding	HK\$0.1
Brilliant Star Capital Limited	Hong Kong	Investment holding	HK\$350,000,000
Chengdu Vision Credit Limited	The People's Republic of China ("PRC")	Small loan business in PRC	Registered capital of RMB300,000,000 有限責任公司(合資)
Chief Union Investments Limited	Hong Kong	Money lending in Hong Kong	HK\$1
Hong Kong Asset Management Group Limited	Hong Kong	Dormant	HK\$1
Hong Kong Fund Management Group Limited	Hong Kong	Dormant	HK\$1
Original Capital Group Limited	Hong Kong	Dormant	HK\$1
Rough Seas Capital Holdings Limited	Hong Kong	Dormant	HK\$1,000,000
Sensible Asset Management Hong Kong Limited	Hong Kong	Investment management in Hong Kong	HK\$47,314,734
Sensible Asset Management Limited	British Virgin Islands	Investment management in Hong Kong	US\$200,000
Value Executive Solutions Co. Limited	Hong Kong	Dormant	HK\$1
Value Funds Limited	Hong Kong	Investment holding	HK\$1
Value Investing Group Company Limited	Hong Kong	Dormant	HK\$1
Value Partners (Cayman GP) II Ltd	Cayman Islands	Managing member of three investment funds managed by Value Partners Hong Kong Limited and Value Partners Limited	US\$1
Value Partners Asset Management Singapore Pte. Ltd.	Singapore	Investment management in Singapore	S\$250,000
Value Partners Concord Asset Management Co., Ltd.	Taiwan	Investment management in Taiwan	NT\$300,000,000
Value Partners Corporate Consulting Limited	Hong Kong	Dormant	HK\$5,000,000

Particulars of subsidiaries

Name	Place of incorporation	Principal activities and place of operation	Issued share capital
Value Partners Hong Kong Limited	Hong Kong	Investment management, investment holding and securities dealing in Hong Kong	HK\$385,000,000
Value Partners Index Services Limited	Hong Kong	Indexing services in Hong Kong	HK\$1
Value Partners Investment Advisory Limited	Hong Kong	Consulting services in Hong Kong	HK\$25,000,000
Value Partners Limited	British Virgin Islands	Investment management, investment holding and securities dealing in Hong Kong	US\$1,530,278
Value Partners Private Equity Limited	British Virgin Islands	Investment management and provision of research and investment advisory services in Hong Kong	US\$700,000
Value Partners Technology Solutions Limited	Hong Kong	Providing information technology services	HK\$1
Value Partners Technology Systems Limited (formerly Original Capital Limited)	Hong Kong	Providing information technology services	HK\$1
Valuegate Holdings Limited	British Virgin Islands	Trademark holding in Hong Kong	US\$2
Value Partners Strategic Equity Fund (Note)	Cayman Islands	Investment fund	US\$1,000
惠理海外投資基金管理(上海)有限公司 (formerly 上海惠理投資管理諮詢有限公司)	The People's Republic of China	Investment management and advisory in PRC	Registered capital of RMB20,000,000 有限責任公司(獨資)
惠理股權投資管理(深圳)有限公司	The People's Republic of China	Investment advisory in PRC	Registered capital of RMB13,000,000 有限責任公司(獨資)

Note: Value Partners Strategic Equity Fund ("VPSEF") is the Group's subsidiary for the purposes of Listing Rules. In accordance with Hong Kong Financial Reporting Standards, the interest in VPSEF is accounted for as an investment and is classified as investment at fair value through profit & loss accounts rather than a subsidiary of the Group in view of the economic substance of the transaction and other considerations according to the accounting standards. Therefore, VPSEF's results are not accounted for by the Group in the consolidated financial statements and VPSEF also is not included in the list of subsidiaries in Note 16 to the consolidated financial statements.

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