



VALUE PARTNERS GROUP LIMITED

惠理集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHTS

- Total turnover was HK\$281.5 million (2007: HK\$562.3 million)
- Gross management fees were HK\$202.7 million (2007: HK\$180.9 million)
- Gross performance fees were HK\$66.0 million (2007: HK\$367.3 million)
- Net profit was HK\$88.5 million (2007: HK\$335.2 million)
- Earnings per share were HK\$5.5 cents (2007: HK20.9 cents)
- Interim dividend was HK5.5 cents per share (2007: Nil)

INTERIM RESULTS

The board of directors (the “Board”) of Value Partners Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the period ended 30 June 2008 together with respective comparative figures. The following financial information, including the comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKFRS”).

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
		HK\$'000	HK\$'000
	Note	Unaudited	Audited
Revenue			
Turnover	4	281,544	562,250
Other revenue	4	31,310	20,308
Total revenue		<u>312,854</u>	<u>582,558</u>
Expenses			
Distribution fees		31,675	33,230
Share-based compensation		124,036	—
Other compensation and benefit expenses		32,221	125,253
Operating lease rentals		4,111	4,758
Advisory fees		7,344	42,048
Other expenses		19,397	10,909
Total expenses		<u>218,784</u>	<u>216,198</u>
Other gains – net	5	<u>4,567</u>	<u>30,794</u>
Operating profit		98,637	397,154
Share of gain of joint ventures		<u>—</u>	<u>255</u>
Profit before tax		98,637	397,409
Tax expense	6	<u>(10,147)</u>	<u>(62,219)</u>
Profit for the period		<u>88,490</u>	<u>335,190</u>
Attributable to			
Equity holders of the Company		<u>88,490</u>	<u>335,190</u>
Earnings per share (HK cents per share)			
– basic	7	5.5	20.9
– diluted	7	5.5	20.9
Dividends (HK\$'000)	8	<u>88,000</u>	<u>—</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2008 <i>HK\$'000</i> Unaudited	31 December 2007 <i>HK\$'000</i> Audited
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		5,161	6,372
Intangible assets		2,372	2,034
Available-for-sale financial assets	9	210,060	228,064
Other assets		1,746	1,746
Total non-current assets		219,339	238,216
Current assets			
Financial assets at fair value through profit or loss		8,136	9,076
Fees receivable	10	70,267	1,696,603
Prepayments and other receivables		10,792	18,325
Cash and cash equivalents	11	683,217	745,088
Total current assets		772,412	2,469,092
Total assets		<u>991,751</u>	<u>2,707,308</u>

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		30 June 2008 HK\$'000 Unaudited	31 December 2007 HK\$'000 Audited
	<i>Note</i>		
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital and share premium	12	53,767	53,767
Other reserves		159,948	100,146
Retained earnings			
– proposed dividends	8	88,000	568,000
– others		492,391	491,901
Total equity		794,106	1,213,814
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		88	126
Current liabilities			
Accrued bonus		1,793	537,552
Distribution fees payable	13	23,509	151,667
Other payables and accrued expenses		63,745	45,287
Current tax liabilities		108,510	98,862
Dividends payable		–	660,000
Total current liabilities		197,557	1,493,368
Total liabilities		197,645	1,493,494
Total equity and liabilities		991,751	2,707,308
Net current assets		574,855	975,724
Total assets less current liabilities		794,194	1,213,940

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

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

Certain new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group. The one that is relevant to the Group’s operations is HK(IFRIC) – Int 11 “HKFRS 2 – Group and Treasury Share Transactions” but there is no impact on the Group’s financial statements.

Certain new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted. Those that are relevant to the Group’s operations are as follows:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 8	Operating Segments

3 Segment information

*Primary reporting format – business segments/
secondary reporting format – geographical segments*

At 30 June 2008, the Group was organised into one main business segment which operated also in one main geographical area: investment management in the Greater China region.

No additional disclosure is included in relation to segment information, as the Group’s activities were limited to one main business and geographical segment.

4 Revenue

Turnover consists of fees from investment management activities and fund distribution activities. Revenue recognised is as follows:

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Turnover		
Management fees	202,669	180,889
Performance fees	65,986	367,278
Front-end fees	207	2,796
Back-end fees	12,682	11,287
Total turnover	281,544	562,250
Other revenue		
Interest income on financial assets at fair value through profit or loss	–	642
Interest income on cash and cash equivalents	14,302	13,745
Dividend income on available-for-sale financial assets	16,426	4,573
Dividend income on financial assets at fair value through profit or loss	306	791
Others	276	557
Total other revenue	31,310	20,308
Total revenue	312,854	582,558

5 Other gains – net

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Gains on disposal of available-for-sale financial assets	1,086	28,656
Gains on financial assets at fair value through profit or loss	–	3,742
Losses on financial assets at fair value through profit or loss	(1,503)	(2,486)
Net foreign exchange gains	4,984	882
Total other gains – net	4,567	30,794

6 Tax expense

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

Hong Kong profits tax has been provided on the estimated assessable profit for the six months ended 30 June 2008 at the rate of 16.5% (2007: 17.5%).

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
	Unaudited	Audited
Current tax – Hong Kong profits tax		
Current period	10,147	62,219
Total tax expense	<u>10,147</u>	<u>62,219</u>

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK\$88,490,000 (2007: HK\$335,190,000) by weighted average number of ordinary shares in issue of 1,600 million shares.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK\$88,490,000 (2007: HK\$335,190,000) by an adjusted weighted average number of ordinary shares in issue of 1,600 million shares to assume conversion of all dilutive potential ordinary shares.

8 Dividends

Dividends declared by the Company that relate to the year ended 31 December 2007 and that amount to HK\$568,000,000 were paid on 4 June 2008 (2007: HK\$548,490,000 that relates to the year ended 31 December 2006 was paid on 16 March 2007).

A special dividend declared by Value Partners Limited that amounts to HK\$660,000,000 was paid on 4 June 2008.

An interim dividend of HK5.5 cents per ordinary share (2007: Nil) was proposed by the Board of Directors on 29 August 2008. It is payable on or about 3 October 2008 to shareholders who are on the register at 18 September 2008. This interim dividend, amounting to HK\$88,000,000 (2007: Nil), has not been recognised in this condensed consolidated interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2008.

9 Available-for-sale financial assets

Available-for-sale financial assets include the following:

	30 June 2008 HK\$'000 Unaudited	31 December 2007 HK\$'000 Audited
Listed securities (by place of listing)		
Equity securities – Hong Kong	–	1,882
Market value of listed securities	–	1,882
Unlisted securities (by place of incorporation/ establishment)		
Equity securities – Singapore	6,185	10,404
Investment funds – Cayman Islands	169,762	171,708
Investment funds – Luxembourg	5,793	7,483
Investment funds – United States of America	28,320	36,587
	210,060	226,182
Total available-for-sale financial assets	210,060	228,064

10 Fees receivable

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

	30 June 2008 HK\$'000 Unaudited	31 December 2007 HK\$'000 Audited
Fees receivable that were past due but not impaired		
0 – 30 days	63,857	1,558,524
31 – 60 days	3,623	4,887
61 – 90 days	852	63,982
Over 90 days	919	13,798
	69,251	1,641,191
Fees receivable that were within credit period	1,016	55,412
Total fees receivable	70,267	1,696,603

11 Cash and cash equivalents

	30 June 2008 HK\$'000 Unaudited	31 December 2007 HK\$'000 Audited
Cash at bank and in hand	277,288	390,861
Short-term bank deposits	405,221	338,505
Deposits with brokers	708	15,722
Total cash and cash equivalents	683,217	745,088

12 Share capital and share premium

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.

Apart from the share option scheme, share options were also granted to a director of the Company pursuant to an option agreement dated 29 October 2007.

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)
At 1 January 2007 and 30 June 2007	—	—
At 1 January 2008	7.63	525
Granted	5.56	120,000
Cancelled/lapsed	5.50	(483)
At 30 June 2008	5.57	120,042

Out of the 120,042,000 outstanding share options, 102,802,000 share options were exercisable at 30 June 2008 (2007: Nil). No share option was exercised during the six months ended 30 June 2008 (2007: Nil).

12 Share capital and share premium (continued)

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

Expiry date	Exercise price (HK\$ per share)	Number of options ('000)	
		30 June 2008	30 June 2007
21 November 2008	7.63	525	—
23 September 2014	5.50	60,424	—
21 November 2010 (a)	7.56	975	—
2 July 2012 (b)	7.56	2,667	—
14 November 2014	5.50	55,451	—

(a) The expiry date is the earlier of 21 November 2010 or the date on which the grantee ceases to be a director of the Company if such cessation is before 21 November 2008.

(b) The expiry date is the earlier of 2 July 2012 or the date on which the grantee's employment with Value Partners Limited, a wholly-owned subsidiary of the Group, is terminated other than by cessation of employment at the end of the contract term.

13 Distribution fees payable

The ageing analysis of distribution fees payable is as follows:

	30 June 2008 HK\$'000 Unaudited	31 December 2007 HK\$'000 Audited
0 – 30 days	12,950	134,714
31 – 60 days	89	—
61 – 90 days	285	—
Over 90 days	10,185	16,953
Total distribution fees payable	23,509	151,667

MANAGEMENT DISCUSSION AND ANALYSIS

The past six months has proven a challenging time for the asset management industry, as headwinds have continued to buffet global capital markets. While the Group has not been completely immune to this turmoil, we are highly encouraged by the resilience of our business.

In addition to a net funds inflow, we have made significant headway in consolidating our position as one of the leading Asia-Pacific fund managers. According to Alpha Magazine, the July/August 2008 edition, Value Partners was ranked the second largest hedge fund manager in Asia. This strong and growing market presence leads us to believe that the Group is well positioned to benefit from the region's secular growth trend once this period of volatility is over.

Indeed, the view of the management is that the long-term economic outlook for the Greater China economy, the principal focus of our investment products, remains strong despite the weakness in investment sentiment and decline in risk appetite among investors. For true value-based fund managers, such as Value Partners, the recent volatility in capital markets has served, in fact, to provide opportunities to replenish investment portfolios with new undervalued investments.

Business Overview

In accordance with our overall business strategy, we continue to drive forward with our Bar-bell Strategy for product development. Under this Bar-bell Strategy, we are developing two complementary categories of investment products: a premium suite and a high-capacity suite.

The premium suite of products would derive more of its income from performance fees. This category can be expected to do better in bull market conditions, as performance fees will rise substantially along with asset values. Products in this category may take longer to scale up. Our absolute return long-biased funds, long-short hedge funds and private equity funds would belong to this category of products.

In the high-capacity suite of products, income would be derived primarily from management fees. The inflow of assets would be primarily driven by the performance and active marketing of the products. The amount of assets under management would drive profit. These products would focus on mainstream stocks, giving them greater flexibility to scale up to match growth in demand. Capacity is less of a concern in this category. Products in this category would include quantitative products under the Sensible Asset Management ("SAM") brand.

During the period under review, we successfully expanded our product ranges in both categories by a total of six new products.

In the premium products category, we launched the Value Partners Taiwan Fund in March and raised US\$60 million in assets. This absolute return long-biased fund was launched to leverage Taiwan's improving economic prospects against the backdrop of strengthening cross-strait relations with Mainland China.

In February, we won the mandate of a managed account from the endowment fund of a renowned university in the United States. This mandate has adopted an absolute return long-biased investment strategy and was started with US\$50 million of assets. This new managed account reflects our increasing success in the endowment fund sector and represents a major endorsement of our investment approach and professionalism.

In June, we launched a property-focused fund[#] with a business partner in Australia. The fund is a registered managed investment scheme in Australia and is an absolute return long-biased fund focusing on Asia property stocks.

We have also added another product to our long-short hedge fund category. In May, we launched a property long-short hedge fund^{#+}, focusing on property stocks in Greater China region . The fund is targeted at professional investors.

In the high-capacity products category, we launched four trusts[#] in association with Ping An Trust, the investment management arm of Ping An Insurance (Group) Company of China Ltd. ("Ping An"), our Group's strategic investor. These trusts are distributed solely in Mainland China and account for an investment corpus of around RMB 1.35 billion[^]. We are optimistic that our strong ties and regular dialogue with Ping An will lead to more joint business initiatives going forward.

Lastly, in April, we collaborated with a major insurance company in Hong Kong to launch a new product⁺ focusing on Asia Pacific high-dividend stocks. This product falls under our high-capacity suite of products.

During the period under review, there was concern over the Group's investment exposure to Oasis Airlines, an aviation company which declared bankruptcy in April. Neither the Company nor any of its subsidiaries were beneficial shareholders of Oasis Airlines. The Group's only investment exposure to the airline was in the form of a convertible bond, which was protected by certain guarantees. The investment was made by Value Partners Strategic Equity Fund[#], a private equity fund which is managed by Value Partners Private Equity Limited, one of the Group's subsidiaries. The amount involved represented less than 0.6% of the Group's total AUM and did not have any significant impact on the Group's business.

In terms of operational expansion, we opened a new sales office in Singapore, one of Asia's main financial services hubs, in June. The new office will allow us to maintain closer contact with key clients based in Singapore and its vicinity, and provide us with a platform to extend our sales reach in the South East Asia market.

[#] These funds are not authorized by the Securities and Futures Commission of Hong Kong (the "SFC") to be marketed to the public generally in Hong Kong.

⁺ These funds were recently launched and currently have a relatively small fund size.

[^] These trusts generate a relatively lower fee margin than that of our premium suite of products.

Finally, our sales and marketing executives conducted a series of road shows across Asia, Europe and the US to talk in person with clients about our investment strategy and allay concerns about the prevailing market conditions. The feedback received from these trips indicates that our clients continue to believe strongly in our investment approach and the long-term economic prospects of the Greater China region.

Assets under management (“AUM”)

As at 30 June 2008, the Group had US\$5,794 million of AUM, compared with US\$7,303 million six months earlier. The decline is due to the market and fund performance rather than redemptions. In fact, the balance of subscriptions and redemptions during the period under review showed a net increase of US\$45 million, reflecting the faith the Group’s clients are placing in its investment approach and products.

Our Own Branded Funds accounted for 57.2% of AUM, White Label Funds, 39.7%, and Co-branded Funds, 3.1%.

The asset-weighted average return of funds under management was negative 21.5% compared with negative 19.0% for the Hang Seng Index and negative 26.3% for the MSCI China Index during the same period.

Below is a summary of our analysis of the Group’s AUM by strategy, type, geographical source and category of clients.

- Classified by investment strategy, Absolute Return Long-biased Funds accounted for 89.0% of the Group’s total AUM; Long-short Hedge Funds, 4.5%; and Private Equity Funds and Quantitative Funds, the remainder.
- Classified by type of fund, Funds Authorized-for-sale in Hong Kong accounted for 61.5% of the Group’s total AUM; Non-SFC-authorized Funds, 21.4%; Managed Accounts, 14.5%; and Private Equity Funds, the remainder.
- Classified by geographical source of clients, Hong Kong accounted for 48.2% of the Group’s total AUM; United States, 18.9%; Europe, 17.2%; Australia, 5.4%; Japan, 1.4%; and the rest of the world, 8.9%.
- Classified by client categories, institutions accounted for 46.2% of the Group’s total AUM; pension funds, 14.9%; retail investors, 12.2%; endowments and foundations, 9.5%; funds of funds, 7.7%; high-net-worth individuals, 5.2%; and the remainder family offices and trusts.

Financial Overview

The Group's financial performance should be viewed against the backdrop of volatile global capital markets. Despite the market volatility and a decline in the returns generated by our funds, the Group continued to generate a net profit. The key financial highlights of the reporting period are:

- Total turnover was HK\$281.5 million (2007: HK\$562.3 million)
- Gross management fees were HK\$202.7 million (2007: HK\$180.9 million)
- Gross performance fees were HK\$66.0 million (2007: HK\$367.3 million)
- Net profit was HK\$88.5 million (2007: HK\$335.2 million)
- Earnings per share were HK5.5 cents (2007: HK20.9 cents)
- Interim dividend was HK5.5 cents per share (2007: Nil)

Revenue and fee margins

Gross management fees increased by 12.1% to HK\$202.7 million, compared with HK\$180.9 million a year earlier, while the net management fees rose by 13.7% to HK\$165.4 million, compared with HK\$145.5 million over the same period last year.

The Group's average AUM increased from US\$5,054 million a year earlier to US\$6,206 million, which helped to drive growth in management fees. The half-year net management fee margin came to 34 basis points, which represents a slight decrease compared with the 37 basis points recorded in the same period a year earlier.

Gross performance fees came to HK\$66.0 million, declining by 82.0% from HK\$367.3 million a year earlier, due to the adverse market conditions. Net performance fees stood at HK\$64.5 million, down by 80.3% from HK\$327.9 million over the same period a year earlier.

Other income, comprising mainly dividend income and interest income, increased from HK\$20.3 million a year earlier to HK\$31.3 million. Dividend income rose from HK\$5.4 million to HK\$16.7 million due to an increase in dividends received from investment securities held by the Group. Interest income stood at HK\$14.3 million, similar to that for the same period last year.

Cost management

Total expenses came to HK\$218.8 million, which was approximately the same as the level recorded a year earlier (2007: HK\$216.2 million). Included in the total expenses for the period, the stock options expense of HK\$124.0 million granted to employees did not impact cash flow and is recognized here to comply with Hong Kong Financial Reporting Standards (“HKFRS”). Management considers the stock options an integral part of the remuneration needed to attract and retain employees in a talent-intensive industry. This stock option scheme was disclosed and discussed in the prospectus for the Group’s initial public offering last November. The Board of Directors does not envisage granting more options to employees in the near future in excess of the initial approved share option scheme mandate limit.

Prudent, closely monitored cost management allowed the Group to maintain fixed cost coverage at 3.7x, moderately lower than the 4.2x recorded for the full year 2007. Additionally, as management fees have increased, the Group’s fee income base has become more resilient and there is an increasing level of recurrent income to offset fixed expenses. This strategy allows the Group to manage income and expenditure effectively, irrespective of market conditions.

Management bonuses have been significantly reduced from HK\$105.3 million to HK\$1.8 million in line with the Group’s compensation policy.

Profit before tax was HK\$98.6 million, declining from HK\$397.4 million a year earlier.

The Board of Directors approved an interim dividend of HK5.5 cents per share, representing approximately 100% dividend payout ratio for the first half of 2008. This tends to be higher than what we normally would have paid but the Board of Directors consider it appropriate in view of the recent challenging market environment. Please note that this high payout level is exceptional and is not indicative of our future dividend policy.

Liquidity and financial resources

Fee income is the Group’s major source of funds. Other sources include interest income from bank balances and dividend income from investments held. The Group’s balance sheet and cash flow remain strong. As at 30 June 2008, the Group had a net cash balance of HK\$683.2 million. Net cash inflows from operating activities increased by 59.3% to HK\$1,196.8 million.

The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities during the period under review. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders’ equity) stood at zero while the current ratio (current assets divided by current liabilities) came to 3.9.

Capital structure

As at 30 June 2008, the Group's shareholders' equity and total number of shares in issue stood at HK\$794.1 million and 1.6 billion respectively.

Events after the balance sheet date

The Board of Directors was informed by certain shareholders and previous shareholders of the Company (the "gifting shareholders") that they would like to make a cash gift of US\$7 million to certain management and employees of the Group as a token of appreciation for their efforts over the years. After due considerations, the management proposed to pass on this cash gift to the Group to demonstrate the management's support and commitment to the Group and so that the benefit of this cash gift would be shared by all shareholders and employees of the Group. This proposal was accepted by the gifting shareholders after the balance sheet date. This gift will be recognized as income and an asset of the Group in the second half of the financial year in accordance with HKFRS.

Conclusion

Despite a challenging market environment, we continue to successfully expand our product range, broaden our product mix, extend our geographical reach and achieve new efficiency gains.

The volatility in global capital markets will undoubtedly continue to prove challenging for the asset management industry, but we believe the Group's long-term business prospects remain positive thanks to its continued business expansion and market leadership as an investment manager.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK5.5 cents per share for the six months ended 30 June 2008 to the shareholders whose names appear on the Registers of Members of the Company at close of business on 18 September 2008. The dividend will be payable on or about 3 October 2008.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Tuesday, 16 September 2008 to Thursday, 18 September 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 12 September 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

AUDIT COMMITTEE

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an audit committee comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2008.

INDEPENDENT REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2008 have been reviewed by PricewaterhouseCoopers, the Company's Auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions in the Code on Corporate Governance Practices, as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2008.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE STOCK EXCHANGE

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

OUR APPRECIATION

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

By order of the board of
Value Partners Group Limited
NGAN Wai Wah
CEO and Executive Director

Hong Kong, 29 August 2008

As at the date of this Announcement, our Directors are Mr. Cheah Cheng Hye, Ms. Chau Yee Man, Mr. Choi Nga Chung, Mr. Ho Man Kei, Ms. Hung Yeuk Yan Renee, Mr. Law Ka Kin, Mr. Ngan Wai Wah and Mr. So Louis Chun Ki as Executive Directors, and Dr. Chen Shih Ta Michael, Mr. Lee Siang Chin and Mr. Nobuo Oyama as Independent Non-executive Directors.