Financial Highlights

- Group turnover grew 70.6% to HK$2,540.8 million
- Net profit up 65.8% to HK$1,419.5 million
- Earnings per share stood at HK89 cents
- Assets under management climbed 61.7% to US$7.3 billion
- Return on average equity for the year was 129.5%
- Proposed dividend:
  - Final dividend ~ HK26.6 cents per share
  - Special dividend ~ HK8.9 cents per share

Value Partners
Investing through discipline

Value Partners Group Limited
惠理集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

FINAL RESULTS

The board of directors (the "Board") of Value Partners Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with comparative figures for the year ended 31 December 2006. 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").

CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 31 December 2007 HK$'000	2006 HK$'000
Revenue			
Turnover	2	2,540,757	1,489,618
Other revenue	2	71,261	28,507
Total revenue		2,612,018	1,518,125
Expenses			
Distribution fees		199,862	122,025
Compensation and benefit expenses	3	614,833	358,095
Operating lease rentals		9,544	6,153
Advisory fees		67,139	55,255
Other expenses	4	85,379	22,252
Total expenses		976,757	563,780
Other gains – net	5	20,088	80,599
Operating profit		1,655,349	1,034,944
Share of profit of an associate		–	3,514
Share of loss of joint ventures		(203)	(2,138)
Profit before tax		1,655,146	1,036,320
Tax expense	6	(235,618)	(180,135)
Profit for the year		1,419,528	856,185
Attributable to			
Equity holders of the Company		1,419,528	856,266
Minority interests		–	(81)
		1,419,528	856,185
Earnings per share (HK$ per share)			
– basic	7	0.89	0.54
– diluted	7	0.89	0.54
Dividends (HK$'000)			
– by the Company	8	568,000	–
– by Value Partners Limited	8	660,000	935,990
Total dividends		1,228,000	935,990

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2007	**2006**
	Notes	***HK$'000***	***HK$'000***
ASSETS			
Non-current assets			
Property, plant and equipment		6,372	8,371
Intangible assets		2,034	1,789
Interest in joint ventures		–	3,357
Available-for-sale financial assets	9	228,064	120,858
Other assets		1,746	1,746
Total non-current assets		238,216	136,121
Current assets			
Financial assets at fair value through profit or loss		9,076	23,452
Fees receivable	10	1,696,603	1,103,613
Prepayments and other receivables		18,325	7,650
Cash and cash equivalents	11	745,088	272,244
Total current assets		2,469,092	1,406,959
Total assets		2,707,308	1,543,080

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	As at 31 December 2007 HK$'000	2006 HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital and share premium		53,767	53,767
Other reserves		100,146	75,584
Retained earnings			
– proposed dividends	8	568,000	548,490
– others		491,901	300,373
Total equity		1,213,814	978,214
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		126	126
Current liabilities			
Accrued bonus		537,552	313,636
Distribution fees payable	12	151,667	89,931
Other payables and accrued expenses		45,287	20,020
Current tax liabilities		98,862	141,153
Dividends payable	8	660,000	–
Total current liabilities		1,493,368	564,740
Total liabilities		1,493,494	564,866
Total equity and liabilities		2,707,308	1,543,080
Net current assets		975,724	842,219
Total assets less current liabilities		1,213,940	978,340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

On 26 October 2007, the Company issued ordinary shares to the then shareholders of Value Partners Limited in exchange for all their interests in Value Partners Limited and thereafter became the immediate and ultimate holding company of the subsidiaries now comprising the Group in preparation for the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For the purpose of these consolidated financial statements, the share swap between the Company and Value Partners Limited is accounted for as a reverse acquisition where Value Partners Limited is regarded as the acquirer and the Company is regarded as the acquiree. In addition, the consolidated financial statements of the Company prepared following the reverse acquisition represent a continuation of the consolidated financial statements of Value Partners Limited.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2007. Those that are relevant to the Group's operations are as follows:

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

These new standards and amendments to existing standard do not have any impact on the Group's consolidated financial statements.

Standards which are not yet effective

Certain new standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them. Those that are relevant to the Group's operations are as follows:

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 8	Operating Segments

The Directors anticipate that the application of these new standards and amendments to existing standard will have no material impact to the results and the financial position of the Group.

2 Revenue

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

	2007 *HK$'000*	2006 *HK$'000*
Turnover		
Management fees	436,587	246,482
Performance fees	2,075,621	1,234,173
Front-end fees	1,616	5,669
Back-end fees	26,933	3,294
Total turnover	2,540,757	1,489,618
Other revenue		
Interest income on financial assets at fair value through profit or loss	1,523	–
Interest income on cash and cash equivalents	26,786	11,101
Dividend income on available-for-sale financial assets	38,920	15,803
Dividend income on financial assets at fair value through profit or loss	1,097	1,015
Others	2,935	588
Total other revenue	71,261	28,507
Total revenue	2,612,018	1,518,125

3 Compensation and benefit expenses

	2007 *HK$'000*	2006 *HK$'000*
Bonus	549,815	313,338
Salaries, wages and other benefits	63,607	44,178
Share-based compensation	574	–
Pension costs – mandatory provident fund scheme	837	579
Total compensation and benefit expenses	614,833	358,095

4 Other expenses

	2007	2006
	HK$'000	*HK$'000*
Depreciation and amortisation	4,063	2,637
Office expenses	5,708	2,981
Travelling expenses	3,012	2,006
IPO expenses	56,814	6,974
Legal and professional fees	4,440	2,067
Auditor's remuneration	1,023	205
Consultancy expenses	600	396
Marketing expenses	3,649	1,116
Entertainment expenses	446	449
Recruitment and training expenses	1,071	386
Registration and licensing fees	599	316
Insurance expenses	1,994	1,409
Others	1,960	1,310
Total other expenses	85,379	22,252

5 Other gains – net

	2007	2006
	HK$'000	*HK$'000*
Gains on disposal of property, plant and equipment and intangible assets	–	69
Losses on disposal of joint ventures	(1,080)	–
Gains on disposal of available-for-sale financial assets	28,655	67,954
Losses on disposal of available-for-sale financial assets	(441)	–
Gains on financial assets at fair value through profit or loss	18,282	10,437
Losses on financial assets at fair value through profit or loss	(25,323)	(4,209)
Net foreign exchange (losses)/gains	(5)	6,348
Total other gains – net	20,088	80,599

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 consolidated financial statements.

Hong Kong profits tax has been provided on the estimated assessable profit for the year ended 31 December 2007 at the rate of 17.5% (2006: 17.5%).

	2007	**2006**
	HK$'000	***HK$'000***
Current tax – Hong Kong profits tax		
Current year	259,973	184,515
Over-provisions in prior years	(24,355)	(4,380)
Total tax expense	235,618	180,135

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$1,419.5 million (2006: HK$856.2 million) by the weighted average number of ordinary shares in issue, adjusted for as if the shares issued by the Company of 1,600 million shares in the share swap between the Company and Value Partners Limited as disclosed in Note 1 above have been outstanding throughout the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$1,419.5 million (2006: HK$856.2 million) by the weighted average number of ordinary shares in issue, adjusted for as if the shares issued by the Company of 1,600 million shares in the share swap between the Company and Value Partners Limited as disclosed in Note 1 above have been outstanding throughout the year and to assume conversion of all dilutive potential ordinary shares.

8 Dividends

	Notes	2007 HK$'000	2006 HK$'000
Dividends by the Company			
Proposed final dividend of HK26.6 cents (2006: Nil) per ordinary share	(a)	425,600	–
Proposed special dividend of HK8.9 cents (2006: Nil) per ordinary share	(a)	142,400	–
		568,000	–
Dividends by Value Partners Limited			
Nil (2006: First interim dividend to the then shareholders of US$3.255 per ordinary share)	(b)	–	387,500
Nil (2006: Second interim dividend to the then shareholders of US$4.607 per ordinary share)	(b)	–	548,490
Special dividend to the then shareholders of HK$43.129 (2006: Nil) per ordinary share	(c)	660,000	–
		660,000	935,990
Total dividends		1,228,000	935,990

(a) No dividend has been paid by the Company since its incorporation. The directors recommend the payment of a final dividend of HK26.6 cents per ordinary share and a special dividend of HK8.9 cents per ordinary share. The estimated total final dividend and total special dividend, based on the number of shares outstanding at 31 December 2007, are HK$425.6 million and HK$142.4 million respectively. Such dividends are to be approved by the shareholders at the Annual General Meeting of the Company on 15 May 2008 and have not been recognised as a liability at the balance sheet date.

(b) The dividends presented above included interim dividends declared by Value Partners Limited to its then shareholders before it became a wholly-owned subsidiary of the Group. The dividends paid by Value Partners Limited during the year ended 31 December 2007 were HK$548.5 million (2006: HK$387.5 million).

(c) In addition, a special dividend of HK$660.0 million was declared by Value Partners Limited in 2007 which is conditional upon the listing of shares of the Company on the Main Board of the Hong Kong Stock Exchange, the retained earnings of the Group at 31 December 2007 and the retained earnings of Value Partners Limited at 31 August 2007.

9 Available-for-sale financial assets

Available-for-sale financial assets include the following:

	2007 *HK$'000*	2006 *HK$'000*
Listed securities (by place of listing)		
Equity securities – Hong Kong	1,882	1,721
Investment funds – Hong Kong	–	6,030
Market value of listed securities	1,882	7,751
Unlisted securities (by place of incorporation/ establishment)		
Equity securities – British Virgin Islands	–	1
Equity securities – Singapore	10,404	4,430
Equity securities – United Kingdom	–	439
Investment funds – Cayman Islands	171,708	54,708
Investment funds – Luxembourg	7,483	4,913
Investment funds – United States of America	36,587	48,616
	226,182	113,107
Total available-for-sale financial assets	228,064	120,858

There was no impairment provision on available-for-sale financial assets at 31 December 2007 (2006: Nil).

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:

	2007 *HK$'000*	2006 *HK$'000*
Fees receivable that were past due but not impaired		
0 – 30 days	1,558,524	988,396
31 – 60 days	4,887	2,260
61 – 90 days	63,982	14,193
Over 90 days	13,798	10,422
	1,641,191	1,015,271
Fees receivable that were within credit period	55,412	88,342
Total fees receivable	1,696,603	1,103,613

11 Cash and cash equivalents

	2007 *HK$'000*	2006 *HK$'000*
Cash at bank and in hand	390,861	212,745
Short-term bank deposits	338,505	59,499
Deposits with brokers	15,722	–
Total cash and cash equivalents	745,088	272,244

12 Distribution fees payable

The ageing analysis of distribution fees payable is as follows

	2007 *HK$'000*	2006 *HK$'000*
0 – 30 days	134,714	73,123
31 – 60 days	–	165
61 – 90 days	–	156
Over 90 days	16,953	16,487
Total distribution fees payable	151,667	89,931

MANAGEMENT DISCUSSION AND ANALYSIS

Report of the Chief Executive Officer

Introduction

The year 2007 was momentous for Value Partners Group Limited (the "Company") and its subsidiaries ("Value Partners Group" or "Group"). On 22 November 2007, the Group crossed an important milestone in its 14-year old history became the only Hong Kong based, Greater China oriented, fund management company listed on the Stock Exchange. Having consolidated its foundation and reputation during its existence as a private company, Value Partners Group Limited is now poised to move on to even greater heights as a public company.

With 1,600 million shares in issue at an offer price of HK$7.63 per share, the Company's market capitalization was HK$12.2 billion (US$1.56 billion) upon listing. Since the management did not sell any shares in the initial public offering, and no new money was raised from the public, the listing was actually a sale of shares held by minority shareholders in the United States, principally private equity funds run by J.H. Whitney and Value Holdings respectively, which acquired a minority stake in Value Partners Limited in the 1990s. Even after the public listing, the senior management and directors have maintained a majority stake in the Company, indicating that the interests of management and investors in the Group remain well aligned.

Industry Outlook

Value Partners Group's primary business is asset management in the Asia-Pacific region with investment focus on Greater China, which includes the People's Republic of China, Hong Kong and Taiwan. We actively invest in this geography through a range of product lines including absolute return long-biased funds, hedge funds, quantitative funds and private equity funds. The Group also manages white label or co-branded funds and portfolios for institutional investors. All the Group's products and services are guided by the same core value investing principles. As at 31 December 2007, the Value Partners Group had US$7.3 billion of assets under management.

Over the last ten years, the Asia Pacific region has become an increasingly important destination for international capital as a result of structural changes, continuing rapid economic growth and increasing globalization. Between 1997 and 2006, the growth of real GDP in simple average terms, of the major countries in the region, was 4.8%, which was double the simple average of the real GDP growth of 2.4% of the United States, United Kingdom and Japan during the same period. Greater China's simple average real GDP growth during this period, at 5.9%, was higher than that of the rest of the Asia Pacific region.

In addition to contributing to the performance of equity markets, the accelerating economic growth has also led to accumulation of private wealth and an increase in the number of wealthy individuals in the region. This, along with the changes in demography and investment habits, has supported the growth in assets under management of fund management firms.

Value Partners Group aims to nurture and grow clients' wealth through diligent stewardship. We believe this aim is best achieved by following four basic tenets:

- always placing the interests of our clients first;
- focusing our resources on performance delivery, not accumulation of assets;
- adhering strictly to our value investment approach; and
- building and upholding an enthusiastic, team-based working environment and performance oriented corporate culture.

Business Strategy and Development

As a measure of diversified business strategy, our plan has been to develop two categories of products to minimize the risk of over concentration in our Group's overall business strategy.

The first category of products will derive more of its income from performance fee. This category can be expected to do relatively better in bull market conditions when asset values increase, leading to substantially higher performance fee. Products in this category may take longer to scale up. In this category, new funds flow would be mainly from sophisticated investors. Absolute return long-biased funds, hedge funds and private equity funds would belong to this category.

In this category, a private equity fund was launched in April 2007. The first closing of the fund occurred in June 2007. The total committed capital of the fund now is approximately US$150 million. The fund primarily invests in unlisted securities but may also acquire other investments, including listed securities and convertible bonds of companies having their main operations or most of the assets located in or deriving most of the income from the Asia-Pacific region.

In addition, we are particularly pleased that in December 2007, the Endowment Fund of a major American University appointed one of our major operating subsidiary, as the investment manager of a managed account which adopts an absolute return long-biased strategy. We consider this as an endorsement of our investment philosophy and professionalism.

In the second category of products, revenue would be based primarily on management fees. The inflow would be primarily driven by performance and active marketing and the size of assets under management would drive profit. Capacity is less of a concern in this category. The fund size in this category can be scaled up quickly as demand increases. The funds would focus on mainstream stocks. Quantitative products under the Sensible Asset Management ("SAM") brand would be in this category.

We launched our first quantitative product, the Asia Value Formula Fund under the SAM brand in 2007. We obtained authorization from the Securities and Futures Commission of Hong Kong for the fund in May 2007 and the initial public offer was completed in October 2007. The fund adopts a quantitative approach to identify under-valued securities comprising the MSCI Asia ex-Japan Index that will benefit from the upside correction between the market's short-term inefficiency and long-term efficiency.

For all fund categories, the unifying theme is a strong adherence to the value-investing philosophy. Products in these fund categories are complementary to each other in the overall context of the Group's business.

Business Review for 2007

The key drivers of corporate earnings in the asset management industry are fund performance and assets under management ("AUM"). Value Partners Group's combination of strong performance progress and size are reflected in its high profitability.

Financial highlights for 2007

The Company reported a very strong business and financial performance during 2007, with good fund performance and significant year-on-year increase in AUM, revenue and profit.

Key highlights were:

- Group turnover grew 70.6% to HK$2,540.8 million (2006: HK$1,489.6 million);
- Net profit increased 65.8% to HK$1,419.5 million (2006: HK$856.2 million);
- Earnings per share of HK89 cents, up from HK54 cents in 2006;
- AUM climbed 61.7% to US$7,303 million (2006: US$4,515 million);
- Return on average equity ("ROAE") for 2007 was 129.5% (2006: 113.8%);
- Proposed dividend:
  - Final dividend ~ HK26.6 cents per share
  - Special dividend ~ HK8.9 cents per share

Fund performance

It is encouraging that all our major funds clocked in good performances. **Value Partners Classic Fund**[*], our flagship fund, gained a net 41.1%[#], following the gain of 41.8%[#] achieved in 2006. The fund's net asset value per unit has doubled (up 100.0%) over the past two years.

* Value Partners Classic Fund – A units

\# Performance data is net of fees, calculated in US Dollar, NAV to NAV, with dividends reinvested.

Value Partners High-Dividend Stocks Fund gained a net 44.2%# in 2007, following the gain of 35.0%# achieved in 2006. The fund's net asset value per unit has almost doubled over the past two years (up 94.6%).

Our **China Convergence Fund**, formerly known as China ABH Shares Fund, gained a net 56.6%# in 2007, following the gain of 86.9%# achieved in 2006. The fund's net asset value per unit has risen 192.8% over the past two years.

Our **Chinese Mainland Focus Fund** gained a net 56.0%# in 2007, following the gain of 48.1%# achieved in 2006. The fund's net asset value per unit has increased 131.1% over the past two years.

Assets under management

During the year, the Group's AUM rose by 61.7% from US$4,515 million to US$7,303 million. Average AUM increased from US$3,545 million to US$6,093 million or 71.9% year-on-year. Gross subscription increased from US$1,601 million to US$2,542 million. Net subscription dropped from US$749 million in 2006 to US$684 million in 2007.

Classification by Brand (USD million)	**2006 AUM**	**2007 AUM**	**Change**
Own Branded Funds	3,149	4,498	42.8%
White Label Funds	1,162	2,559	120.2%
Co-Branded Funds	204	246	20.6%
Total AUM	4,515	7,303	61.7%

Classification by Strategy (USD million)	**2006 AUM**	**2007 AUM**	**Change**
Absolute Return Long-biased Funds	4,209	6,726	59.8%
Hedge Funds	267	402	50.6%
Private Fquity Funds	39	149	282.1%
Quantitative Funds	-	26	N/A
Total AUM	4,515	7,303	61.7%

Classification by Type of Funds (USD million)	**2006 AUM**	**2007 AUM**	**Change**
Authorised Funds	2,867	4,551	58.7%
Non-Authorised Funds	839	1,526	81.9%
Managed Accounts	770	1,077	39.9%
Private Equity Funds	39	149	282.1%
Total AUM	4,515	7,303	61.7%

Performance data is net of fees, calculated in US Dollar, NAV to NAV, with dividends reinvested.

The above table demonstrate the analysis of AUM of our Group from different perspectives, by brand, type and strategy.

- In 2007, in terms of branding, Own Branded Funds accounted for 61.6% of the total AUM, White Label Funds for 35.0% of the total AUM and Co-branded Funds, for the rest. Both Own Branded Funds and White Label Funds showed a significant growth in size during 2007 by 42.8% and 120.2% respectively.

- In terms of classification based on strategy, Absolute Return Long-biased Funds formed the bulk of 92.1% and Hedge Funds, 5.5% of the total AUM. Private Equity Funds and Quantitative Funds made up the rest of the AUM. Absolute Return Long-biased Funds posted an annual return of 46.2% during 2007, and Hedge Funds, 56.6% which carry a higher fee margin.

- In terms of funds by type, funds authorized for sale in Hong Kong constituted 62.3% of the total AUM and Non-authorised Funds, 20.9%. Managed Accounts and Private Equity Funds accounted for the rest of the AUM.

In terms of sources of AUM, Hong Kong contributed 47.7%, followed by the United States at 20.4%, Europe at 19.0% and Australia at 5.4%. Japan's share was at 2.2% and the rest of the world accounted for 5.3% of funds under management.

Institutions represent about 50.1% of all our clients by assets. Pension funds make up 12.1% of our clients, endowments and foundations at 9.5% and funds of funds at 8.1%. High-net-worth individuals accounted for 5.6% and retail investors accounted for 13.1%. Family office and trusts accounted for the rest of our client base.

Summary of financial results

The Group's total income grew by 91.2% Compound Annual Growth Rate ("CAGR") between 2004 and 2007, with performance fees being the key driver of the growth. During the year, total income increased by 72.1% to HK$2,612.0 million. Total expenses increased by 73.3% to HK$976.8 million. The Group's after-tax profit increased 65.8% to HK$1,419.5 million. Earnings per share stood at HK89 cents.

Revenue and fee margins

Gross performance fees increased by 68.2% to HK$2,075.6 million, compared to HK$1,234.2 million in 2006. Net performance fees increased by 69.5% to HK$1,874.9 million, compared to HK$1,106.3 million in 2006. The increase in performance fees was mainly driven by the growth in AUM and strong fund performance. The top five funds – Value Partners Classic Fund, China Convergence Fund, Value Partners High-Dividend Stocks Fund and two non-authorised funds – contributed approximately 63.2% of the gross performance fee.

Gross management fees increased by 77.1% to HK$436.6 million, compared to HK$246.5 million last year, reflecting the strong AUM growth of our funds. Net management fees increased by 77.9% to HK$353.2 million, compared to HK$198.5 million in 2006. Net management fee margin moved up from 72 basis points in 2006 to 75 basis points in 2007. This is mainly attributable to the change in fee structure in August 2006, which largely focused on the increase of management fees of our authorized funds.

Other income, mainly represented by dividend income and interest income, increased from HK$28.5 million in the previous year to HK$71.3 million. Dividend income rose from HK$16.8 million to HK$40.0 million due to increase in dividend received from investment securities held by the Group. Interest income increased from HK$11.1 million to HK$28.3 million mainly due to increase in average cash balance on hand.

Revenue per employee moved up significantly from HK$24.5 million in 2006 to HK$29.0 million in 2007.

Cost management and operating margins ^

We aim to make the more stable management fee pay for the fixed and recurring expenses such as fixed salaries, rent, other administrative expenses, etc. In 2007, with fixed cost coverage being 4.2 times compared to 3.4 times in 2006, the income from management fee covered fixed expenses more adequately than in the previous year. This strategy also leaves enough scope for us to realize the upside potential of income from the relatively more volatile performance fee.

In 2007, expenses increased by 73.3% to HK$976.8 million, compared with HK$563.8 million in 2006. Much of total expenses are on account of discretionary bonus payments to our employees. We aim to distribute 25% of profit before tax, subject to certain adjustments, to our employees in the form of discretionary bonus in order to promote employee loyalty and commitment. The Group's compensation policy aligns the interest of our employees to the end financial result of the Group. Discretionary bonus payment amounted to HK$549.8 million, up 75.5% from last year.

The Group incurred one-off expenses amounting to HK$56.8 million in 2007 in relation to the Group's IPO during the year.

The operating margin declined from 77.2% in 2006 to 70.6% in 2007; however, if the one-off IPO expenses amounting to HK$56.8 million were excluded, the operating margin for 2007 stood at 73.0%. The profit margin (fee income) was 55.9%, compared to 57.5% for 2006. However, if the one-off IPO expenses were excluded, the profit margin stood at about 58.1%, higher than last year.

^ Operating margin is defined as operating profit over revenue less distribution cost and advisory fees.

Dividend

As disclosed in our prospectus, we intend to distribute to our shareholders as dividends (i) for the year ending 31 December 2007, no less than 30% of total distributable profits in respect of the period from the Date of Listing to 31 December 2007, and (ii) for each of the following years, no less than 30% of total distributable profits in respect of the relevant year.

In respect of the results for the year ended 31 December 2007, the Board of Directors recommended a final dividend and a special dividend of HK26.6 cents and HK8.9 cents per share respectively. Hence the total dividend per share will be HK35.5 cents and total amount of dividend will be HK$568.0 million, which represents a dividend payout of 30% for final dividend plus another 10% as special dividend, based on the net profit of the complete year of 2007. These proposed dividends are subject to shareholders' approval at the Company's first Annual General Meeting to be held on 15 May 2008 and will be payable to all shareholders registered on 23 May 2008. The dividends will be paid on or about 4 June 2008.

Management and People

In 2007, we grew stronger in terms of human resources too. From a count of 62 employees in 2006, our strength stood at 90 employees at the end of 2007. The number of investment professionals, including Fund Managers and Research Analysts, increased from 20 to 29 during the year, making us one of the largest Greater China-focused teams in Asia Pacific region.

Our organizational structure helps us make the most of the senior management talent the Company has gathered over the years. We aim to remain small enough to be nimble and effective while at the same time, big enough to be strong. Our investment teams are organized in clusters so that they can analyze and respond to investment opportunities quickly, like a boutique house, while our infrastructure and administrative structure is well-equipped to handle large volumes of work.

The core investment team of the Group comprises of the Chief Investment Officer and five Senior Fund Managers. Each of the five Senior Fund Managers heads a cluster, comprising of Fund Managers, Assistant Fund Managers and Analysts. On an average, each core investment team member has put in 11 years in the industry, including an 8-year stint at Value Partners Group.

Risk Management

Demonstrating our commitment to internal controls and regulatory compliance, we created a new senior position of Chief Risk Officer ("CRO") in 2007. Mr. Mark Dickens J.P., who took over as our first CRO, brings with him over two decades of experience in the financial regulatory sector in Hong Kong and Australia. He served in several senior official positions for over 14 years in the Securities and Futures Commission in Hong Kong, with 8 years as a board member.

The primary role of the CRO is to oversee our existing legal, compliance, internal audit and risk management functions and protect the Company against market, operational, regulatory, legal, credit and reputation risks.

As per the listing requirements, the Company has formed two Committees with board level responsibilities – Remuneration Committee and Audit Committee. In addition, the Company has proactively formed two special Committees – Risk Management Committee and Valuation Committee.

Strategic Investors

Ping An Insurance

The Ping An Insurance (Group) Company of China Ltd. ("Ping An") has taken a 9% stake in the Company. We welcome the association with Ping An, among others, for the possibilities it may open up in the asset management industry over the long term. We are actively exploring the potential opportunities for business co-operation with Ping An, particularly with respect to the offering of investment products in the People's Republic of China. These may include, but are not limited to Qualified Domestic Institutional Investors ("QDII") products.

Unaudited interim review for the period ended 29 February 2008

While the performance of the Company for 2007 was excellent, in the first two months of 2008, the prevailing worldwide stock market volatility had an adverse impact on our funds, resulting in negative performances in these two months. During the two months, the Company's AUM fell by 11.4% from US$7,303 million to US$6,472 million. Net result from subscriptions and redemptions was a marginal US$81 million outflow. Asset-weighted average return of funds under management was negative 10.6% compared to the Hang Seng Index which reported a negative return of 12.5% during the same period.

Since the beginning of 2008, we have added two new mandates to our product suite. In February 2008, we have won the mandate of a managed account from another endowment fund of a renowned university in the United States. In addition, we have successfully launched a non-authorized fund (which is not authorised by the Hong Kong Securities and Futures Commission to be marketed to the public generally in Hong Kong) focusing on Taiwan equities. The Taiwan focused fund was launched in March 2008 and has raised an amount of US$60 million. This subscription into the Taiwan focused fund in March 2008 has not been included in the above figures for the first two months of 2008.

Looking Forward

Our future growth strategy is three pronged. First, to broaden the product mix in terms of geographical coverage by widening the investment focus to other parts of the Asia Pacific region in addition to Greater China, and if attractive opportunities exist, expanding through strategic acquisitions.

Secondly, we aim to develop Value Partners' fund series further through themes and funds with strong investment performance and by accepting discretionary mandates in line with our value investing principles. We are targeting to launch another property focused fund in the second quarter of this year.

Thirdly, we want to broaden the product set of Value Partners in terms of product type by increasing our focus on developing the quantitative fund.

As for 2008, after witnessing very high growth in equities in the region over the last two years, we have become more cautious, but remain optimistic. We believe that the Greater China region is in a fortunate position, even if the fears of a global slowdown were to come true. We believe that attractive investment opportunities continue to exist for us and attractive shareholder returns and growth trajectory are very much achievable through strong and sustained investment performance and efficient operations.

We believe that the Value Partners Group is in the right business, in the right place at the right time and that these favourable factors plus our team's hard work will take the Company to a new stage and a brighter future.

Awards

As with earlier years, awards and accolades continued to seek Value Partners Group during 2007. **Value Partners Limited** was ranked as the second largest hedge fund manager in Asia after Sparx Group Co. of Japan in the July to August 2007 edition of ***Alpha Magazine***. **Value Partners Classic Fund** was ranked No. 1 by ***Lipper*** among the funds sold in Hong Kong in terms of annualized total return, risk-return ratio and absolute return for the period from 1 April 1993 to 31 May 2007. **Value Partners High-Dividend Stocks Fund** was chosen as the Fund of the Year in Asia excluding Japan, in the ***AsiaHedge Awards 2007***. In January 2008, ***FinanceAsia*** voted our Chairman and CIO, Mr. Cheah Cheng Hye, as the 'Capital Markets Person of the Year 2007'.

Directors

On behalf of the Company, we would like to take this opportunity to thank Mr. V-nee Yeh, our Non-Executive Honorary Chairman, for his unstinted support to our operations since inception. Mr. Brian Doyle was one of the Directors of Value Partners Limited. Mr. Doyle resigned in November 2007. We would like to place on record our appreciation for his valuable contribution to the Group's growth.

We are pleased to welcome on board three Independent Non-executive Directors: Dr. Chen Shih Ta Michael, Chairman of the Remuneration Committee and a member of Audit Committee; Mr. Lee Siang Chin, Chairman of the Audit Committee and a member of Remuneration Committee, and Mr. Nobuo Oyama, a member of Audit and Remuneration Committees of the Group. We are confident that the directors will guide us in achieving and surpassing the performance goals and standards that we have set for ourselves.

DIVIDENDS

The Company

With our solid financial position, the Board is pleased to recommend the distribution of a final dividend of HK26.6 cents per share and a special dividend of HK8.9 cents per share for the year ended 31 December 2007. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the dividends will be payable on or about 4 June 2008 to the shareholders whose names appear on the Registers of Members of the Company at close of business on 23 May 2008. The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

Value Partners Limited ("VPL")

As disclosed in the Prospectus published by the Company on 8 November 2007, the Company would announce the amount of audited consolidated retained earnings of VPL as at 31 August 2007 for determining the amount of special dividend payable to the shareholders of VPL as at 24 October 2007 ("VPL special dividend"). As at 31 August 2007, the audited consolidated retained earnings of VPL was HK$672.8 million as audited by the Group's auditors in accordance with HKFRS and the VPL special dividend was determined as HK$660.0 million in total based on the criteria as disclosed in the Prospectus. The VPL special dividend will be payable on or about 4 June 2008 to the shareholders of VPL as at 24 October 2007.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Wednesday, 21 May 2008 to Friday, 23 May 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final and special dividends mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 20 May 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 financial year ended 31 December 2007 since the listing of the Company on the Stock Exchange of Hong Kong.

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 consolidated results of the Group for the year ended 31 December 2007.

CORPORATE GOVERNANCE

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

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 since the listing of the Company on the Stock Exchange.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE STOCK EXCHANGE

The final results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.com.hk) and the Company (http://www.valuepartnersgroup.com.hk). The annual report of the Company 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 employees for their contributions to the success of the Group.

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

Hong Kong, 25 March 2008

As at the date of this Announcement, our Directors are Mr. Cheah Cheng Hye, 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.