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VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 806)

PLACING AND SUBSCRIPTION OF NEW SHARES

Placing Agents

J.P.Morgan
J.P. Morgan Securities (Asia Pacific) Limited

Morgan Stanley
Morgan Stanley & Co. International Plc

PLACING AND SUBSCRIPTION

The Subscriber entered into the Placing and Subscription Agreement with the Placing Agents and the Company as of 14 October 2010. Pursuant to the Placing and Subscription Agreement, the Subscriber agreed to place, through the Placing Agents, up to 140,000,000 existing Shares, to not less than six Placees, at a price of HK\$5.68 per Placing Share. The Placees and their ultimate beneficial owners are or will be, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third parties who are not connected persons (as defined under the Listing Rules) of the Company. The Placees and their ultimate beneficial owners are or will be independent of, and not acting in concert with, the Subscriber and parties acting in concert with it. Pursuant to the Placing and Subscription Agreement, the Subscriber conditionally agreed to subscribe for such number of Subscription Shares as is equal to the number of Placing Shares which are successfully placed by the Placing Agents under the Placing at a price of HK\$5.68 per Subscription Share.

The Placing Price (or the Subscription Price) of HK\$5.68 represents a discount of approximately 8.97% to the benchmarked closing price of HK\$6.24 per Share, which is the higher of (i) the closing price of HK\$6.24 as quoted on the Stock Exchange on the last trading day immediately before the Placing and Subscription Agreement; (ii) the average closing price of HK\$5.966 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing and Subscription Agreement; and (iii) a discount of approximately 1.5% to the average closing price per Share of HK\$5.768 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing and Subscription Agreement.

The 140,000,000 Placing Shares (and the 140,000,000 Subscription Shares) represent (i) approximately 8.74% of the existing issued share capital of the Company of 1,601,742,981 Shares as at the date of this announcement; and (ii) approximately 8.04% of the issued share capital of the Company of 1,741,742,981 Shares as enlarged by the Subscription.

The Subscription is conditional upon (i) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of the definitive share certificates representing the Subscription Shares), (ii) completion of the Placing and (iii) the Executive Director of the Corporate Finance Division of the SFC granting the Subscriber a waiver from the obligation to make a general offer under the Takeovers Code.

The gross proceeds from the Subscription will be approximately HK\$795.2 million. The net proceeds of approximately HK\$775.5 million from the Subscription are intended to be used as to approximately 90% for the expansion of the Group's business in Mainland China, to provide seed capital for the Group's new funds and for the expansion of the Group's distribution channels. The remaining balance of approximately 10% of the net proceeds are intended to be used as the general working capital of the Group.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

As of 14 October 2010

Parties to the Placing and Subscription Agreement

The Subscriber, the Company and the Placing Agents

The Subscriber

The Subscriber is a controlling Shareholder (as defined in the Listing Rules) of the Company currently holding 499,730,484 Shares, representing approximately 31.20% of the existing issued share capital of the Company. The Subscriber is wholly-owned by Cheah Company Limited which is in turn wholly-owned by Hang Seng Bank Trustee International Limited, a company incorporated in the Bahamas, as trustee for a discretionary trust, the discretionary objects of which include Mr. Cheah Cheng Hye and certain members of his family.

Placing Agents

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Placing Agents and their respective beneficial owners is a third party independent of the Company and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as such term is defined in the Listing Rules).

THE PLACING

Placees

The Placing Agents agreed to place the Placing Shares to not less than six Placees. The Placees and their ultimate beneficial owners are or will be, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, third parties who are not connected persons (as defined under the Listing Rules) of the Company. The Placees and their ultimate beneficial owners are or will be independent of, and not acting in concert with, the Subscriber and parties acting in concert with it. It is not expected that any Placee will become a substantial Shareholder (as defined under the Listing Rules) immediately after the Placing.

Placing Price

The Placing Price (or the Subscription Price) of HK\$5.68 represents a discount of approximately 8.97% to the benchmarked closing price of HK\$6.24 per Share, which is the higher of (i) the closing price of HK\$6.24 as quoted on the Stock Exchange on the last trading day immediately before the Placing and Subscription Agreement; (ii) the average closing price of HK\$5.966 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing and Subscription Agreement; and (iii) the average closing price per Share of HK\$5.768 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing and Subscription Agreement. The closing price of the Shares as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement is HK\$6.24 per Share.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agents. The Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Number of the Placing Shares

The number of 140,000,000 Placing Shares (and the number of 140,000,000 Subscription Shares) represent (i) approximately 8.74% of the existing issued share capital of the Company of 1,601,742,981 Shares as at the date of this announcement; and (ii) approximately 8.04% of the issued share capital of the Company of 1,741,742,981 Shares as enlarged by the Subscription, assuming no further new Shares will be issued or repurchased before the completion of the Subscription.

Ranking of Placing Shares

The Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

Completion

Subject to, amongst other things, the delivery of relevant confirmatory certificates and opinions of counsels as required by the Placing Agents, the Placing is expected to be completed on 18 October 2010, or such other date as the Subscriber and the Placing Agents shall agree.

THE SUBSCRIPTION

Parties involved

The Company and the Subscriber

The Subscription Price

The Subscription Price is HK\$5.68 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Subscriber with reference to the Placing Price of the Placing Shares. The net price of the Subscription is approximately HK\$5.54 per Share.

The Directors consider that the terms of the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Placing Shares which are successfully placed by the Placing Agents under the Placing, being 140,000,000 new Shares. The aggregate nominal value of the Subscription Shares will be HK\$14,000,000.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares.

The Subscription Shares

The Subscription Shares are to be issued under the General Mandate. As such, the issue of the Subscription Shares is not subject to further approval of the Shareholders. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue are 320,348,596 Shares. The Company has not issued any Shares pursuant to such General Mandate.

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares in due course.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of the definitive share certificates representing the Subscription Shares);
- (ii) completion of the Placing pursuant to the terms of the Placing and Subscription Agreement; and
- (iii) the Executive Director of the Corporate Finance Division of the SFC granting the Subscriber a waiver from the obligation to make a general offer under the Takeovers Code.

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Placing and Subscription Agreement, that is, on or before 28 October 2010.

In the event that the conditions in respect of the Subscription are not fulfilled by 28 October 2010, or such later date as may be agreed between the Company and the Subscriber, the obligations and liabilities of the Company and the Subscriber in relation to the Subscription shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise in respect of the Subscription provided that the Company shall reimburse the Vendor any legal fees and out-of-pocket expenses which the Vendor shall be obliged to pay in connection with the Placing.

INDEMNITY

Pursuant to the Placing and Subscription Agreement, each of the Subscriber and the Company undertook to jointly and severally indemnify and keep indemnified (on an after tax basis) the Placing Agents and each of their respective affiliates and other related parties against (amongst others) all or any costs, expenses and other fees

- (i) directly or indirectly arising out of or in connection with any breach of any of the representations, warranties and undertakings contained in the Placing and Subscription Agreement;
- (ii) which are directly or indirectly occasioned by or resulting from or are attributable to the performance by either of the Placing Agents of their obligations under the Placing and Subscription Agreement in relation to the Placing; or
- (iii) in respect of any breach of any applicable laws or regulations of any jurisdiction resulting from the Placing.

Such indemnity shall not apply to (ii) and (iii) for any loss or damage finally judicially determined to have resulted solely from the gross negligence, wilful default or fraud on the part of such Placing Agent.

LOCK-UP UNDERTAKINGS

The Subscriber undertook to each of the Placing Agents that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement) for a period of 180 days from the date of completion of the Placing, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Subscriber or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of each of the Placing Agents.

The Company also undertook to each of the Placing Agents, and the Subscriber further undertook to each of the Placing Agents to procure, that for a period of 180 days from the date of completion of the Placing, the Company will not, except for the Subscription Shares, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of each of the Placing Agents.

The Directors consider that the above lock-up undertaking provided by the Company was in line with general market practice and is fair and reasonable so far as the Company and the Shareholders are concerned.

TERMINATION

If at any time prior to 10:00 a.m. Hong Kong time on the date of completion of the Placing there develops, occurs or comes into force (amongst others):

- (i) any new law or regulation or any change or development reasonably likely to involve a prospective material adverse change in existing laws or regulations which in the sole judgement of the Placing Agents has or is reasonably likely to have a material adverse effect on the financial position of the Group as a whole; or
- (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or
- (iii) a change or development involving a prospective change in taxation adversely affecting the Company, the Placing Shares or the transfer thereof in a material respect; or
- (iv) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or

or there is any breach of any of the representations, warranties and undertakings by the Company and/or the Subscriber set out in the Placing and Subscription Agreement or there is any such adverse change or development in the results of operations or in the financial or trading position of the Company or the Group as a whole which in the sole judgement of the Placing Agents is materially adverse to the success of the Placing, the Placing Agents may terminate the Placing and Subscription Agreement.

REASON FOR THE PLACING AND USE OF PROCEEDS

The Directors have considered various ways of raising funds and are of the opinion that the Placing and the Subscription provide an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing and Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription will be approximately HK\$795.2 million. The Placing Agents will receive a placing commission of 2.25% on the gross proceeds of the Placing Shares being placed, which was arrived at after arm's length negotiations between the Company and the Placing Agents. The net proceeds of approximately HK\$775.5 million from the Subscription are intended to be used as to approximately 90% for the expansion of the Group's business in Mainland China, to provide seed capital for the Group's new funds and for the expansion of the Group's distribution channels. The remaining balance of approximately 10% of the net proceeds are intended to be used as the general working capital of the Group. The net proceeds raised per Share upon completion of the Subscription will be approximately HK\$5.54 per Subscription Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising exercise during the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the changes to the shareholding structure of the Company as a result of the completion of the Placing and the Subscription, assuming no other Shares are issued or repurchased between the date of this Announcement and the completion of the Placing and the Subscription and assuming all of the Placing Shares are successfully placed by the Placing Agents under the Placing:

| Name of shareholders | Shareholding as at the date of this announcement | | Shareholding immediately after the completion of the Placing (Note 1) | | Shareholding immediately after the completion of the Subscription (Note 1) | |
|--|--|---------------------------------|---|---------------------------------|--|---------------------------------|
| | Number of Shares | % of shareholding (approximate) | Number of Shares | % of shareholding (approximate) | Number of Shares | % of shareholding (approximate) |
| The Subscriber | 499,730,484 | 31.20% | 359,730,484 | 22.46% | 499,730,484 | 28.69% |
| Mr. Yeh V Nee | 298,689,324 | 18.65% | 298,689,324 | 18.65% | 298,689,324 | 17.15% |
| Directors (other than Mr. Cheah Cheng Hye) | 70,677,166 | 4.41% | 70,677,166 | 4.41% | 70,677,166 | 4.06% |
| Placees | 0 | 0.00% | 140,000,000 | 8.74% | 140,000,000 | 8.04% |
| Other public shareholders | 732,646,007 | 45.74% | 732,646,007 | 45.74% | 732,646,007 | 42.06% |
| Total | <u>1,601,742,981</u> | <u>100%</u> | <u>1,601,742,981</u> | <u>100%</u> | <u>1,741,742,981</u> | <u>100%</u> |

Notes:

- (1) The Subscriber is wholly-owned by Cheah Company Limited which is in turn wholly-owned by Hang Seng Bank Trustee International Limited, a company incorporated in the Bahamas, as trustee for a discretionary trust, the discretionary objects of which include Mr. Cheah Cheng Hye and certain members of his family.
- (2) Mr. Yeh V Nee, the co-founder of the Company, is a party acting in concert with the Subscriber for the purpose of the Takeovers Code.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The shareholding of the Subscriber and Mr. Yeh V Nee, being a party acting in concert with the Subscriber for the purpose of the Takeovers Code, in the issued share capital of the Company will be reduced from approximately 49.85% to approximately 41.11% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 41.11% to approximately 45.84% upon completion of the Placing and the Subscription. As such the Subscriber will apply to the Executive Director of the Corporate Finance Division of the SFC for a waiver from the obligation to make a general offer under Note 6 on dispensations from Rule 26 of the Takeovers Code.

GENERAL

The Group is an independent, value-oriented asset management group in the Asia-Pacific region, with a focus on Greater China. Under its Value Partners brand and Sensible Asset Management brand, the Company manages authorized funds, absolute return long-biased funds, long-short hedge funds, exchange-traded funds, quantitative funds and private equity funds. The Group also manages white label or co-branded funds and portfolios for institutional investors.

Further announcement will be made by the Company upon completion of the Placing and Subscription Agreement.

Terms and definitions

| | |
|--------------------------------------|---|
| “AGM” | the annual general meeting of the Company held on 27 April 2010 |
| “Board” | the board of Directors |
| “Company” | Value Partners Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange |
| “Director(s)” | director(s) of the board of the Company |
| “General Mandate” | the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Committee” | the listing committee of the board of directors of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placee(s)” | any professional, institutional or other investors procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents’ obligations under the Placing and Subscription Agreement |
| “Placing” | the placing of 140,000,000 existing Shares pursuant to the terms of the Placing and Subscription Agreement |
| “Placing Agents” | J.P. Morgan Securities (Asia Pacific) Limited and Morgan Stanley & Co. International Plc |
| “Placing and Subscription Agreement” | the agreement dated as of 14 October 2010 entered into between the Subscriber, the Company and the Placing Agents in relation to the Placing and the Subscription |
| “Placing Price” | HK\$5.68 per Placing Share |

| | |
|-------------------------|--|
| “Placing Share(s)” | 140,000,000 existing Shares, beneficially owned by the Subscriber and to be placed pursuant to the Placing and Subscription Agreement |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Share(s)” | the ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | Cheah Capital Management Limited, a company incorporated in the British Virgin Islands and a substantial shareholder (as defined in the Listing Rules) of the Company |
| “Subscription” | the subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Placing and Subscription Agreement |
| “Subscription Price” | HK\$5.68 per Subscription Share |
| “Subscription Share(s)” | such number of new Shares as is equivalent to the number of Placing Shares successfully placed by the Placing Agents under the Placing (but not exceeding 140,000,000 in number) to be subscribed for by the Subscriber pursuant to the Placing and Subscription Agreement |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “%” | per cent. |

By order of the board of
Value Partners Group Limited
Tse Wai Ming
Executive Director and Company Secretary

Hong Kong, 14 October 2010

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

The Directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.