

**VALUE PARTNERS GROUP LTD:
A STRONG PROBABILITY EXISTS THAT 2008
WILL SEE THIS COMPANY SUFFER A LOSS**

While there can be no question that [Value Partners Group Ltd \(\)](#) (Code: 806, Main Board, The Stock Exchange of Hongkong Ltd) is a financially strong company, at least at the same time, as the 2008 Financial Year approaches its conclusion, the question must arise: Will the company suffer a loss for the Year?

There is, certainly, a sufficiency of clues to suggest that this is quite likely to be the case.

In fact, **TARGET** () would go further to suggest that Value Partners is an odds-on favourite to suffer a Loss Attributable to Shareholders in respect of the 2008-Year, ending December 31.

In the Interim Report of Value Partners for the 6 months, ended June 30, 2008, the Chairman, Mr Cheah Cheng Hye (), leads off his Statement to Shareholders with the following paragraph:

‘Value Partners Group Limited stayed profitable in the first half of 2008 despite adverse financial markets. We earned a net HK\$88.5 million (HK5.5 cents in earnings per share), showing a resilient business model. In fact, since it started in 1993, Value Partners has never suffered a loss except for a small loss of HK\$261,000 in 1999, in the aftermath of the Asian Financial Crisis. While we cannot guarantee the company will never suffer a loss in the future, what we do is to keep fixed cost, mainly salaries and rent, at a relatively low level, and we make sure employees know they can expect generous bonuses and other variable benefits during bull markets.’

It is clear that Chairman Cheah Cheng Hye had the word, ‘loss’, on his mind when he wrote his Chairman’s Statement (assuming that it was he who wrote it).

For the first half of the 2008 Financial Year, Value Partners reported a Net Profit Attributable to Shareholders of \$HK88,490,000 on Total Revenue of about \$HK312,854,000.

That result compared with the like period in 2007 when, on Total Revenue of \$HK582,558,000, the Net Profit Attributable to Shareholders was \$HK335,190,000.

Year-On-Year, therefore, Value Partners has seen its Total Revenue drop by about 46.30 percent while the Net Profit Attributable to Shareholders was shaved down by about 73.60 percent.

What is not known, at this juncture, of course, is whether Value Partners’s complete write-off of its \$HK234-million investment in the ill-fated, Oasis Hongkong Airlines Ltd () had been included in the calculation of the profits in the 2008 Interim Report.

Probably not, **TARGET** suggests, because Oasis Hongkong Airlines Ltd only applied to the High Court of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) to appoint a Provisional Liquidator on April 9, 2008, and, that being the case, Value Partners would not have known in June whether or not any of its investment could be recouped.

It is now known: That investment is a complete write-off.

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