

**VALUE PARTNERS GROUP LTD:
SPECULATING OR GAMBLING ?**

Sooner or later, it had to happen: The penny has dropped.

But even so, the extent of the erosion of the profits of Value Partners Group Ltd () (Code: 806, Main Board, The Stock Exchange of Hongkong Ltd) was shocking by any standards one may care to employ.

Value Partners, on July 25, 2013, announced that it expected a 96-percent drop in the Consolidated Net Profit Attributable to Shareholders for the first half of the Current Financial Year.

The following is part of the Company's official announcement:

'The Group expects to report a substantial decrease of 96% in its consolidated net profit attributable to equity holders of the Company to about HK\$3.3 million for the six months ended 30 June 2013 from HK\$88.2 million in the same period last year. The substantial decline is mostly attributable to the net fair value losses of the Group's seed capital investments and investments in its own funds. Seed capital investments are made by the Group to seed certain amount of capital to new funds which is considered necessary during the initial fund launch phase. The Group also invests further into its own funds side by side with investors where appropriate, for better alignment of interest and investment returns.'

There is a distinction between a gamble and a speculation.

In a gamble, one is betting on an uncertain outcome; an act where there is a known element of risk.

In a speculation, there is an assumption of a business risk, but there is the expectation of obtaining a gain, commensurate to the risk factor, involved.

Which begs the question as to whether or not Value Partners is engaging, in some of its investments, at least, in a game of chance – a gamble – or speculating, responsibly, taking into account the element of risk, associated with each and every speculation, and the probable gain from such acts.

Value Partners, in its July 25, 2013, '**PROFIT WARNING**', stated, also:

'The Group continued to maintain a strong financial position with assets under management ("AUM") held stably at US\$8.6 billion as at 30 June 2013, and the Group managed to achieve a net inflow of US\$0.6 billion to its AUM during the first half of the year 2013.'

The figure of \$US8.60 billion (about \$HK67.08 billion) indicates a record level of Assets Under Management for this Company.

As at the Financial Year, ended December 31, 2012, Assets Under Management were shown as being about \$US8.51 billion (about \$HK66.38 billion), representing an increase, Year-On-Year, of about 18.90 percent.

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