

# TARGET

## Intelligence Report

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T U E S D A Y

July 13, 2021

**CHEUK NANG (HOLDINGS) LTD:  
THE SITUATION HAS, QUITE OBVIOUSLY,  
WORSENER FOR CHAIRMAN CECIL CHAO SZE TSUNG**

For the first time in the past five Financial Years, Cheuk Nang (Holdings) Ltd (卓能[集團]有限公司) (Code: 131, Main Board, The Stock Exchange of Hongkong Ltd) was forced to record that the Net Profit Attributable to Shareholders in respect of the Financial Year, ended June 30, 2020, had fallen to levels that, most likely, may have shocked many a minority shareholder.

Management of Cheuk Nang (Holdings) Ltd informed its shareholders that the Net Profit Attributable to Shareholders with regard to the 2020 Financial Year came in at \$HK47,696,000.00, a fall of about 91.67 percent, Year-On-Year.

But, on or about October 21, 2020, the situation at this company is likely to have worsened, markedly, since the publication and dissemination of the 2020 Annual Report.

The Company's Interim Report, published on or about March 18, 2021, was, also, quite likely to have put the fox in the henhouse, to coin a phrase.

The Interim Report, with regard to the six months, ended December 31, 2020, stated that the Company had suffered very material losses, during the first half of the Company's 2021 Financial Year.

For Senior Management, the following were likely to have been amongst the three, most exasperating aspects of the financials with regard to this Interim Report, aspects that had been forced by Management to report to its shareholders:

**Net Loss Attributable to Shareholders:** (\$HK62,110,000.00) (2019: Net Profit Attributable to Shareholders of \$HK33,565,000.00, a decrease of about 285.04 percent, Period-On-Period);

**Revenue:** \$HK878,860,000.00, an increase, Period-On-Period, of about 188.88 percent; and,

**Bank Balances and Cash:** \$HK842,934,000.00, a decrease, Period-On-Period, of about 31.84 percent.

Dr Cecil Chao Sze Tsung (趙世曾), Executive Chairman of Cheuk Nang (Holdings) Ltd, under the heading, ‘**OUTLOOK**’, explained the situation at the Company to his shareholders as follows:

*‘The outbreak of coronavirus has been lasted (sic) for over one year. The unemployment rate in Hong Kong has reached (sic) 17 years’ high up to 7%. The Hong Kong government has put their effort to fight against the virus by trying to cut the transmission chain. Coronavirus vaccines has (sic) arrived (sic) Hong Kong and it is crucial to the resumption of the normal ways of life.*

*‘Although we are now facing the most difficult time, we still (sic) looking forward to the economy may (sic) resume gradually in the second half of this year, following the coronavirus may be (sic) better controlled.’*

Under the heading, ‘**DIVIDENDS**’, found at Page 22 of the Interim Report, one was informed:

<u>Item</u>	<u>Six months ended</u> <u>31 December</u>	
	<u>2020</u> <u>\$HK’000</u> (Unaudited)	<u>2019</u> <u>\$HK’000</u> (Unaudited)
Final dividend declared and paid of HK5 cents (2019: HK15 cents) per ordinary share	<u>31,981</u>	89,345
Proposed interim dividend of HK2 cents (2019: HK7.5 cents) per ordinary share	<u>13,054</u>	<u>46,565</u>
	<u><u>45,035</u></u>	<u><u>135,910</u></u>

### **Reverting To The 2020 Annual Report**

Cheuk Nang (Holdings) Ltd is a multibillion-dollar corporate entity, engaged in property development, investments, and management.

It is based in the **Hongkong Special Administrative Region (HKSAR)** of the **People’s Republic of China (PRC)**, in the PRC, proper, being separate and distinct from the HKSAR, and the **Macau Special Administrative Region (MSAR)** of the PRC, and Malaysia.

The Net Assets of the Company, as at June 30, 2020, stood at \$HK6,731,916,000.00.

With regard to bank loans and other borrowings, as indicated at Page 113 of the 2020 Annual Report, it was shown that bank loans stood at \$HK1,272,271,000.00 and ‘*Advances from a director*’ – Chairman Cecil Chao Sze Tsung – were in the books as \$HK170,182,000.00.

At Page 257 of the 2020 Annual Report, one notes the following statement:

*‘Dr. Chao Sze Tsung Cecil has provided unsecured advances to the Group at 1% over prime interest rate in Hong Kong per annum. At 30 June 2020, the advances from Dr. Chao Sze Tsung Cecil amounted to approximately HK\$170,182,000 (2019: HK\$159,182,000). Dr. Chao Sze Tsung Cecil has confirmed that he will not request repayment of these advances in coming one year.’*

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