

TARGET

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KINGSTON FINANCIAL GROUP LTD: WILL BILLIONS OF DOLLARS BE REDUCED TO MILLIONS OF DOLLARS ?

As with the vast majority of publicly listed companies, engaged in financial services industry of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, Kingston Financial Group Ltd (金利豐金融集團有限公司) (Code 1031, Main Board, The Stock Exchange of Hongkong Ltd) appears to have been caught with its knickers, down around its ankles.

This was made only too apparent on scanning the Annual Report of the Company in respect of the Financial Year, ended March 31, 2021.

The 2021 Annual Report was published and disseminated in the HKSAR on or about July 28, 2021.

At Page Four of this Report, Mr Nicholas Chu Yuk Yui (朱沃裕), the Chairman of the Board of Directors of the Company, determined to place nearly all the Company's problems onto the outbreak of the 2019 Novel Coronavirus (COVID-19).

In his Chairman's Statement, dated June 30, 2021, Chairman Nicholas Chu Yuk Yui said, inter alia:

'The 2019 Novel Coronavirus ("COVID-19") pandemic has spread globally, various industries have been affected to different extents, bringing unprecedented shocks to the global economy. Investors have trended to reduce their holdings of risky assets, and overall investment sentiment has become cautious. The Group recorded a decrease of approximately 22% in total revenue from approximately HK\$2,634,417,000 for the year ended 31 March 2020 (the "Previous Year") to approximately HK\$2,055,879,000 for the Year. Profit attributable to owners of the Company for the Year amounted to approximately HK\$56,253,000, representing a decrease of approximately 89% as compared to approximately HK\$503,062,000 for the Previous Year. Such a significant decrease was primarily attributable to, among other factors, a drop in revenue from the Group's hotel and gaming business in Macau (the Macau Special Administrative Region [MSAR] of

the PRC) as a result of the drastic reduction in the number of visitor arrivals to Macau following the outbreak of COVID-19.

‘As for the Hong Kong’s financial markets, the performance of the Hang Seng Index fluctuated during the period. The listing of China concept stocks greatly benefited the market, leading to Hong Kong achieving its highest IPO funds raised in the last decade. During the Year, the Group had improved performance in securities brokerage, underwriting and placements business, recording a revenue of approximately HK\$68,628,000 in this segment (the Previous Year: approximately HK\$52,954,000), representing an increase of approximately 30% as compared to the Previous Year. The Group has adopted a more prudent approach in the margin and IPO (Initial Public Offerings) financing business. During the Year, revenue amounted to approximately HK\$1,938,035,000 (the Previous Year: approximately HK\$2,012,156,000)...’.

At Paragraph Four of his Statement, Chairman Nicholas Chu Yuk Yui concentrated his narrative on that which **TARGET** (泰達財經) would describe as PRC political waffle.

At Paragraph Five of his Statement, Chairman Nicholas Chu Yuk Yui turned his attention onto the MSAR:

‘As for Macau, the visitor flow was seriously affected by COVID-19, it is uncertain when the negative impact on Macau’s tourism and gaming industry will end. As the mainland has achieved results in the prevention and control of the epidemic, and progress has been made in vaccination, it is believed that the travelling restrictions between mainland and Macau will be relaxed. We will continue to pay close attention to the development of the epidemic and monitor the travel situation and market conditions and make corresponding measures to sustain our business.’

And that was that.

An Overview Of The Business Of Kingston Financial Group Ltd

Kingston Financial Group Ltd is said to be ‘principally engaged in the provision of a wide range of financial services including securities brokerage, underwriting and placements, margin and initial public offering (“IPO”) financing, corporate finance advisory and futures brokerage. The Group also provides gaming and hospitality services in Macau.’

Thereafter, one was told, under the subheading, ‘**MANAGEMENT DISCUSSION AND ANALYSIS**’:

‘Total revenue recorded by the Group for the Year amounted to approximately HK\$2,055,879,000, representing a decrease of approximately 22% as compared to the approximately HK\$2,634,417,000 for the year ended 31 March 2020 (the “Previous Year”).’

‘Profit attributable to owners of the Company for the Year amounted to approximately HK\$56,253,000, representing a decrease of approximately HK\$503,062,000 for the Previous Year. Basic earnings per share for the Year was approximately HK0.32 cents, representing a decrease of approximately 89% as compared to approximately HK2.90 cents for the Previous Year. Such a significant decrease was primarily attributable to, among other factors, a drop in revenue from the Group’s hotel and gaming business in Macau as a result of the drastic reduction in the number of visitor arrivals to Macau following the outbreak of 2019 Novel Coronavirus (“COVID-19”).

*‘The COVID-19 pandemic has broken out since early 2020 and has continued to spread globally. It has prompted countries to adopt different levels of anti-epidemic measures, thereby delivering unprecedented hit to the global economy. Many industries were hard-hit during the epidemic. According to the Census and Statistics Department, Hong Kong’s annual gross domestic product (**GDP**) fell by approximately 6.1% and touched the bottom in 2020. Hong Kong’s seasonally adjusted unemployment rate from December 2020 to February 2021 increased to approximately 7.2%, which marked the highest level since 2004...*

*‘Under the influence of COVID-19, tourism restrictions were enacted in Macau and other places. In the Year, a total of approximately 4.4 million people visited Macau, representing a year-on-year decrease of 86%. Based on DICJ (*Direcção de Inspecção e Coordenação de Jogos*) reporting, Macau’s gross revenue from games of fortune totaled approximately 53.6 billion MOP (**Macanese Pataca[s]**) in the year, a year-on-year decrease of approximately 78%. During the financial year under review, revenue from our hotel and gaming businesses dropped by approximately 75% and approximately 102% respectively.’*

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