

# TARGET

## Intelligence Report

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### **CHINNEY INVESTMENTS LTD: A PROPERTY DEVELOPER, BURDENED WITH AN EVER-GROWING, HEFTY LOAN PORTFOLIO**

Chinney Investments Ltd (建業實業有限公司) has a history of 49 years, its shares, having been listed on the premier equity market of (the then) Stock Exchange of Hongkong on or about January 31, 1973.

As such, one might have presumed that Senior Management had seen the many highs and lows of the prices of equities, as well as those (unfortunate) publicly listed companies that found themselves unable to cut the mustard, the many passages of countries' problems due, inter alia, to social and/or physical discomfiture over the years, and, to some extent, Management's ability to forecast likely events.

Honing intelligence for purposiveness, *a priori*, is an attribute that one would expect from those who have been entrusted with the sanctity of discretionary funds, especially, directly or indirectly, public funds.

But, on scanning the five Financial Years' Summary with regard to the Years, ended March 31, presented at Page 163 of the 2021-2022 Annual Report of Chinney Investments Ltd (Code: 216, Main Board, The Stock Exchange of Hongkong Ltd), it is difficult to imagine the amount of cognisance – or the lack of it – that is the extent of the learning of Senior Management of Chinney Investments Ltd.

The following is a verbatim copy of the '**FIVE YEAR FINANCIAL SUMMARY**' of the Company:

*'A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.'*

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
REVENUE	<u>1,112,501</u>	<u>1,277,982</u>	<u>639,442</u>	<u>1,478,353</u>	<u>1,781,043</u>
Profit/(loss) before tax from continuing operations	228,756	334,049	(45,657)	1,767,729	3,519,009

Tax credit/(charge)	<u>(133,215)</u>	<u>(216,108)</u>	<u>11,444</u>	<u>(460,564)</u>	<u>(385,190)</u>
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>95,541</b>	<b>117,941</b>	<b>(34,213)</b>	<b>1,307,165</b>	<b>3,133,819</b>
<b>LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13,981)</u>	<u>(13,523)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b><u>95,541</u></b>	<b><u>117,941</u></b>	<b><u>(34,213)</u></b>	<b><u>1,293,184</u></b>	<b><u>3,120,296</u></b>
Attributable to:					
Owners of the Company	55,704	77,876	(45,423)	781,394	2,040,243
Non-controlling interests	<u>39,837</u>	<u>40,065</u>	<u>11,210</u>	<u>511,790</u>	<u>1,080,053</u>
	<b><u>95,541</u></b>	<b><u>117,941</u></b>	<b><u>(34,213)</u></b>	<b><u>1,293,184</u></b>	<b><u>3,120,296</u></b>
	<b>As at 31 March</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS</b>					
TOTAL ASSETS	21,845,130	21,293,903	20,566,909	20,311,524	20,284,372
TOTAL LIABILITIES	<u>(9,235,354)</u>	<u>(8,999,234)</u>	<u>(9,042,608)</u>	<u>(8,241,788)</u>	<u>(8,884,139)</u>
NET ASSETS	12,609,776	12,294,669	11,524,301	12,069,736	11,400,233
NON-CONTROLLING INTERESTS	<u>(4,161,410)</u>	<u>(4,060,400)</u>	<u>(3,801,971)</u>	<u>(3,983,966)</u>	<u>(3,720,403)</u>
SHAREHOLDERS' FUNDS	<b><u>8,448,366</u></b>	<b><u>8,234,269</u></b>	<b><u>7,722,330</u></b>	<b><u>8,085,770</u></b>	<b><u>7,679,830</u></b>

## **The Business Of Chinney Investments Ltd**

At Pages 33 and 34 of the 2021-2022 Annual Report of Chinney Investments Ltd, one was apprised as to the business of the Company as follows:

*‘The Group is principally engaged in the businesses of (i) property development, (ii) property investment and (iii) property and carpark management. The Group targets to generate stable and recurrent rental income from investment properties to help cover its operating overheads and expenses whereas property sales will enhance additional cash inflows to the Group ...*

*‘The Group is committed to build an environmental-friendly corporation with the aim to conserve natural resources. The Group has taken initiatives to reduce energy consumption and encourage recycle of office supplies and other materials. The Group will continue to review and promote its environmental policies ...*

*‘The Group’s revenue was primarily derived from the business segments: (i) property development, (ii) property investment, and (iii) property and carpark management.’*

Dr James Wong Sai Wing (王世榮), the Chairman of the Board of Directors of Chinney Investments Ltd, devoted 10 pages of the 2021-2022 Annual Report in order to expound upon the Company’s results in respect of the Financial Year, ended March 31, 2022.

At Page Five of the 2021-2022 Annual Report of the Company, Chairman James Wong Sai Wing, under the heading, **‘FINANCIAL RESULTS’**, uttered the following statements:

*‘For the year ended 31 March 2022, the Group’s consolidated revenue was HK\$1,113 million (2021: HK\$1,278 million) with a net profit attributable to shareholders of HK\$56 million (2021: HK\$78 million). The underlying net profit attributable to shareholders will be HK\$110 million (2021: HK\$91 million) after excluding the fair value losses of investment properties (net of deferred taxation) of HK\$54 million (2021: HK\$13 million). The decline in revenue was mainly due to a decrease in property sales recognised during the year. The increase in underlying profit was attributed to a gain of HK\$33 million arising from a partial disposal of interest in the Group’s redevelopment project in Dongguan.*

*‘As at 31 March 2022, shareholders’ equity amounted to HK\$8,448 million (as at 31 March 2021: HK\$8,234 million) and net assets per share attributable to shareholders stood at HK\$15.32 (as at 31 March 2021: HK\$14.93). The increase in shareholders’ equity at year end resulted from net profits attributable to shareholders less dividend paid, and the exchange rate difference caused by appreciation of Renminbi against Hong Kong Dollars during the year.’*

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