

# TARGET

## Intelligence Report

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S A T U R D A Y

September 24, 2022

**AFFLUENT FOUNDATION HOLDINGS LTD:  
DIVIDENDS ARE UNLIKELY TO BE RECOMMENDED  
IN THIS CENTURY THE WAY THAT THINGS STAND, TODAY**

The Total Revenue of Affluent Foundation Holdings Ltd (俊裕地基集團有限公司) (Code: 1757, Main Board, The Stock Exchange of Hongkong Ltd) in respect of Financial Year, ended March 31, 2022, was \$HK511,568,000.00.

That 2022-Year's Total Revenue was a record high for this Company.

The Company is principally engaged in the provision of services, related to foundation works and the provision of rentals of construction machinery.

The Net Profit Attributable to Shareholders, with regard to the 2022 Financial Year, came in at \$HK2,956,000.00.

The 2022 Net Profit Attributable to Shareholders, at \$HK2,956,000.00, was a four-Year high for this Company.

The Company suffered Net Losses Attributable to Shareholders in respect of the 2019 Financial Year, and, again, more Net Losses Attributable to Shareholders were recorded in respect of the 2020 Financial Year.

For the 2019-Year, the losses were \$HK68,283,000.00, and, in respect of the 2020 Financial Year, the Net Losses Attributable to Shareholders were \$HK25,746,000.00.

That is the extent of good news.

Now, for the not-so-good news.

The Gearing Ratio of Affluent Foundation Holdings Ltd, with regard to the 2022 Financial Year, was 53.30 percent (2021 Gearing Ratio: 46.10 percent).

The Total Borrowings of the Company, as at March 31, 2022, were said to have been \$HK43,026,000.00 (2021: \$HK35,863,000.00).

Aside from the fact that Total Borrowings had increased, Year-On-Year, by nearly 20 percent, that which seemed very poignant was that, in the 2021 Financial Year, '**Bank Borrowings**' stood at \$HK33,671,000.00, whereas, in the 2022 Financial Year, bank borrowings had been replaced by an '**Amount due to a director**' – in the region of \$HK39,632,000.00.

Although not stated definitively at Page 84 of the 2021-2022 Annual Report of the Company, this medium assumes that the (Company) Director, who lent \$HK39,632,000.00 to the Company, was none other than the Chairman and Chief Executive Officer of Affluent Foundation Holdings Ltd, to wit: Mr Chan Siu Cheong (陳紹昌).

This **TARGET** (泰達財經) assumption bares '*fruit*' since, at Note 19 to the Notes of Affluent Foundation Holdings Ltd, one discovers the following:

**'AMOUNT DUE TO A DIRECTOR**

	2022 \$HK'000	2021 \$HK'000
'Mr. Chan (Mr Chan Siu Cheong)	39,362	Nil

*'Amount due is non-trade in nature, unsecured, interest-free and repayable by September 2022.'*

*'Mr Chan is also one of the Controlling Shareholders of the Company.'*

At the foot of Page 70 of the 2021-2022 Annual Report of the Company, it was stated:

*'As at 31 March 2022, all bank borrowings were repaid. As at 31 March 2021, the bank loans are interest-bearing at 2.75% to 5.00% per annum.'*

Perhaps, the interest factor on bank borrowings had been the chief reason that Mr Chan Siu Cheong determined that it was too onerous for the Company to be forced to endure interest rates on borrowings, ranging from 2.75 percent to 5.00 percent per annum.

This was especially difficult to stomach when, during the past few years – and still, today, to some degree – bank interest income on most deposits had been less than one tenth of a percentage point.

The Principal Bank of the Company is The Hongkong and Shanghai Banking Corporation Ltd (香港上海滙豐銀行有限公司), according to Page Two of the 2021-2022 Annual Report of Affluent Foundation Holdings Ltd.

Needless to state, as at March 31, 2022, Affluent Foundation Holdings Ltd determined to have zero banking facilities; and, all securities, which had been securities for all bank loans, had been released.

Securities, formerly utilised in order to secure bank overdrafts, had been secured by:

*'(1) Life insurance;*

- ‘(2) Blanket counter indemnity granted by the Group;*
- ‘(3) Unlimited corporate guarantee from the Company;*
- ‘(4) Pledged bank deposits;*
- ‘(5) All monies legal charge over the property with Mr. Chan as the mortgagor; and,*
- ‘(6) Pledge of plant and machinery with carrying amount of HK\$5,310,000 as at 31 March 2021.’*

### **The Financials Of Affluent Foundation Holdings Ltd**

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