

TARGET

Intelligence Report

VOLUME XXV No. 62

T U E S D A Y

March 21, 2023

CAPITAL ESTATE LTD: HORRIFIC SUGGESTIONS ARE PRESENTED IN THE CHAIRMAN'S STATEMENT

Mr Tsui Wing Tak (徐穎德), the Chairman of Capital Estate Ltd (冠中地產有限公司) (Code: 193, Main Board, The Stock Exchange of Hongkong Ltd) appears to have had his hands full due to a number of incidents that has, by accident or design, caused the Total Revenue of the Company to fall to a five Financial Year nadir, whilst the Net Loss Attributable To Shareholders had risen to a three Financial Year zenith.

So much so Mr Tsui Wing Tak has had his hands full in tackling the multitude of problems that have befallen the Company, during the Financial Year, ended July 31, 2022, that he was forced to devote Six Pages of his Chairman's Statement in order to explain certain matters to his shareholders.

In brief, he explained, amongst other things, that the following three matters had caused the Company a great deal of tsuris, during the 2022 Financial Year:

- The Hotel Fortuna, Foshan (the **P**eople's **R**epublic of **C**hina [**PRC**]) suffered a six-percent occupancy level during the 2022 Financial Year, whilst The Hotel Fortuna, Macau (the **M**acau **S**pecial **A**dministrative **R**egion [**MSAR**] of the PRC) recorded an occupancy level, during the 2022 Financial Year, of 55.40 percent;
- The Company's independent auditor, Deloitte Touche Tohmatsu (德勤·關黃陳方會計師行), issued a Qualified Opinion with regard to the Qualified Financial Statements in respect of the 2022 Financial Year; and,
- There had been '*criminal allegations*' issued against Mr Sio Tak Hong (蕭德雄), casting aspersions upon this once Chairman of the Board of Directors and an Executive Director of Capital Estate Ltd. Mr Sio Tak Hong had resigned all his positions in the Company on or about December 29, 2021.

(Detailed explanations in respect of the above matters – and more – shall be extrapolated, later on in this report.)

The Financials Of Capital Estate Ltd

At Page 40 of the 2022 Annual Report of Capital Estate Ltd, one was presented with the ‘**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**’ as follows:

	For The Financial Year, Ended July 31		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	59,799	116,147	(48.51)
Gross Profit	52,273	68,294	(23.46)
Gross Profit Margin*	87.41 percent	58.80 percent	48.66
Loss Before Taxation	(76,699)	(17,126)	347.85
Loss For The Year	(104,316)	(29,454)	254.17
Net Loss Attributable To Shareholders Of The Company	(98,255)	(34,068)	188.41
Loss Per Share	(50.60) cents	(17.50) cents	189.14

* These are **TARGET**'s calculations.

At Page 42 of the 2022 Annual Report of Capital Estate Ltd, it was stated that Total Equity (Shareholders' Funds), as at July 31, 2022, stood at \$HK818,072,000.00, a reduction, compared with the 2021 Financial Year, of about 12.38 percent.

At Page 77 of the 2022 Annual Report of Capital Estate Ltd, under the heading, ‘*Segment revenue and results*’ in respect of the Financial Year, ended July 31, 2022, one was presented with the following little table:

	<i>Hotel operations</i> <i>HK\$'000</i>	<i>Financial investment</i> <i>HK\$'000</i>	<i>Property</i> <i>HK\$'000</i>	<i>Consumer finance</i> <i>HK\$'000</i>	<i>Consolidated</i> <i>HK\$'000</i>
<u>GROSS PROCEEDS</u>	<u>4,144</u>	<u>743,785</u>	<u>55,655</u>	<u>27,474</u>	<u>831,058</u>
<u>SEGMENT REVENUE</u>	<u>4,144</u>	<u>–</u>	<u>55,655</u>	<u>27,474</u>	<u>87,273</u>
<u>SEGMENT (LOSS) PROFIT</u>	<u>(18,530)</u>	<u>(34,201)</u>	<u>21,909</u>	<u>(1,364)</u>	<u>(32,186)</u>
<i>Unallocated income</i>					<i>1</i>
<i>Unallocated expenses</i>					<i>(19,149)</i>
<i>Finance costs</i>					<i>(101)</i>
<i>Share of loss of an associate</i>					<i>(25,264)</i>
<i>Loss before taxation</i>					<u>(76,699)</u>

Reverting To The Chairman's Statement

The following are abstracts, copied verbatim from Pages Three through to Nine of the 2022 Annual Report of Capital Estate Ltd:

‘REVIEW OF THE RESULTS

‘The Group reported gross proceeds of approximately HK\$831.1 million for the year ended 31st July, 2022 (2021: HK\$727.9 million), which comprised gross proceeds from sales of properties of HK\$55.7 million (2021: HK\$109.9 million), consumer finance service of HK\$27.5 million (2021: HK\$15.9 million), hotel operations of HK\$4.1 million (2021: HK\$6.3 million) and sales of securities and other business segments totaling HK\$743.8 million (2021: HK\$595.8 million).

‘Loss for the year attributable to owners of the Company for the year ended 31st July, 2022 was HK\$98.3 million (2021: HK\$34.1 million).

‘The increase in loss for the year ended 31st July, 2022 was mainly attributable to (i) decrease in revenue from sale of properties by over 49%; (ii) fair value loss of the Group’s financial investment portfolio of HK\$45.6 million (2021: HK\$31.9 million) and decrease in interest income from such investment by HK\$16.8 million to HK\$4.3 million (2021: HK\$21.1 million); and (iii) recognition of land appreciation tax of HK\$22.6 million upon receipt of tax clearance in relation to properties sales up to 31st October, 2021 ...

‘LIQUIDITY AND FINANCIAL RESOURCES

‘The Group continued to be liquid. At 31st July, 2022, the Group had bank balances and cash of HK\$336.8 million (2021: HK\$222.4 million) mainly in Hong Kong dollars and Renminbi and marketable securities totalling HK\$52.6 million (2021: HK\$265.2 million).

‘No bank and ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers’ views, but reserves the right so to do subject to the laws of libel.*