

TARGET

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**CHINA INDUSTRIAL SECURITIES
INTERNATIONAL FINANCIAL GROUP LTD:
THIS COMPANY HAD TO BITE THE PROVERBIAL BULLET,
DURING THE 2022 FINANCIAL YEAR**

The Revenue of China Industrial Securities International Financial Group Ltd (興證國際金融集團有限公司) (Code: 6058, Main Board, The Stock Exchange of Hongkong Ltd) with regard to the 2022 Financial Year, ended December 31, 2022, was \$HK258,004,188.00.

This result was at its nadir of the past five Financial Years.

The Total Comprehensive Income in respect of the 2022 Financial Year, Attributable to Shareholders of the Company, came in at a Loss of \$HK392,320,270.00 (2021: A Net Profit Attributable to Shareholders of \$HK40,093,639.00).

The Ultimate Holding Company of China Industrial Securities International Financial Group Ltd is Industrial Securities Company Ltd (興業證券股份有限公司), a corporate entity, domiciled in the **People's Republic of China (PRC)**.

The shares of Industrial Securities Company Ltd are listed on The Shanghai Stock Exchange (Stock Code: 601377).

On or about Friday, March 3, 2023, the Chairman of China Industrial Securities International Financial Group Ltd, Mr Hu Ping Sheng (胡平生), published and disseminated an announcement in the **Hongkong Special Administrative Region (HKSAR)** of the PRC, headed: '**PROFIT WARNING**'.

In that announcement, it was stated, in the second paragraph, that '*a net loss after tax of between HK\$280 million and HK\$300 million ...*' was well expected.

The Company's loss expectations, as history had proven, was nearly \$HK100 million, or, approximately, 33 percent off the Company's anticipated mark.

The following are the full four paragraphs of that announcement, all of which have been copied verbatim:

*‘This announcement is made by China Industrial Securities International Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).*

*‘The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Year 2022**”), the Group is expected to record a net loss after tax of between HK\$280 million and HK\$300 million for the Year 2022 as compared with a net profit after tax of approximately HK\$40.09 million for the corresponding period in 2021. The Board considers that the aforesaid turnaround from profit to loss is mainly due to (i) tightening global monetary policies, geopolitics and the COVID-19 pandemic, leading to the net loss resulted from fair value changes of equity and debt investments held by the Group; and (ii) recession of Hong Kong capital market, leading to increase in expected credit loss on accounts receivables arising from margin loan. The expected credit loss is not a realized loss. The Group’s business development is normal and the overall financial position and business condition of the Group remain sound.*

‘The information contained in this announcement is only based on the preliminary assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the Year 2022, which have not been audited or reviewed by the Company’s auditors and/or the audit committee of the Company, and are subject to adjustments and amendments. The annual results of the Group for the Year 2022 is expected to be published in March 2023. Shareholders and potential investors are advised to read carefully 2022 annual results announcement of the Company when published.

‘Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.’

THE 2022 ANNUAL REPORT OF CHINA INDUSTRIAL SECURITIES INTERNATIONAL FINANCIAL GROUP LTD

About 27 days after the publication of the Profit Warning Announcement, Management of China Industrial Securities International Financial Group Ltd published and disseminated its 2022 Annual Report in the HKSAR.

At Pages Five and Six of the 2022 Annual Report in respect of the Financial Year, ended December 31, 2022, Chairman Hu Ping Sheng explained a number of aspects of the Company as follows:

'I hereby would like to report to all shareholders that for the year ended 31 December 2022, the Group achieved an operating revenue of HK\$258.00 million (2021: HK\$636.37 million), representing a year-on-year decrease of 59.46%; for the year ended 31 December 2022, the Group recorded a net loss after tax of HK\$297.40 million (2021: profit of HK\$40.09 million), representing a year-on-year decrease of 841.83%.

'In 2022, due to the combined effects of unfavorable factors such as the resurgence of the COVID-19 pandemic, the Fed's (The Federal Reserve of The United States of America) continued interest rate hikes and the geopolitical tension, the Hong Kong's capital market has suffered a heavy blow, Hong Kong's economy has continued to be in a recession and the capital market was in a downward trend with fluctuations. In 2022, Hong Kong's GDP (Gross Domestic Product) contracted by 3.5% year-on-year. The Hang Seng Index and the Hang Seng China Enterprises Index fell by 15.5% and 18.59%, respectively, while the Barclays High Yield and Investment Grade Chinese-issued US Dollar Bond Index fell by 22.47% and 10.11%, respectively. It was encouraging that, in 2022, Mainland China's GDP grew by 3% year-on-year. It did not reach the level as expected, however, the economy generally remained stable and grew faster than most major economies. The total scale of domestic demand has continued to expand, and ... [CLICK TO ORDER FULL ARTICLE](#)

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