

# TARGET

## Intelligence Report

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**LAI FUNG HOLDINGS LTD:  
IT MUST BE VERY NICE TO HAVE A 'BIG BROTHER',  
WILLING TO BACK ONE WITH OODLES OF CASH**

As with quite a number of property developers and investment companies, tied to property assets of one sort or another in which the senior executives of such corporate entities are trying to eke out that which they determine is a decent profit from their operations, all of which are performed in the People's Republic of China (PRC), Lai Fung Holdings Ltd (麗豐控股有限公司) (Code:1125, Main Board, The Stock Exchange of Hongkong Ltd) has seen much better times in the not-too-distant past.

Lai Fung Holdings Ltd is just one of such companies, the bread-and-butter, being earned from operations, conducted in the second-largest economy of the world.

On or about Wednesday, November 16, 2022, Lai Fung Holdings Ltd published and disseminated its 2022 Annual Report in respect of the Financial Year, ended July 31, 2022.

At Page 127 of the Company's 2022 Annual Report, the '*Consolidated Income Statement*' was presented 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)		
Turnover	2,515,771	3,196,582	(21.30)
Gross Profit	1,296,854	719,120	80.34
Gross Profit Margin*	51.55 percent	22.50 percent	129.11
Profit From Operating Activities	677,943	165,776	308.95
Profit/(Loss) Before Taxation	278,004	(236,151)	(217.72)
Loss For The Year	(283,884)	(675,565)	(57.98)
Loss Attributable To Shareholders Of The Company	(134,523)	(538,967)	(75.04)
Loss Per Share Attributable To Shareholders Of The Company	(\$HK0.406)	(\$HK1.628)	(75.06)

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

At Pages Four through to Nine of the 2022 Annual Report, Mr Chew Fook Aun (周福安), the Chairman of the Board of Directors of the Company, put pen to paper, so to speak, making the following comments, starting off with the '**Overview of Final Results.**'

*'For the year ended 31 July 2022, the Group recorded a turnover of HK\$2,515.8 million (2021: HK\$3,196.6 million), representing a decrease of approximately 21.3% over the last financial year. The decrease was primarily due to lower turnover from property sales during the year under review as compared to last year. The average Renminbi ("**RMB**") exchange rate for the year under review appreciated by approximately 2.1% over last financial year. Excluding the effect of currency translation, the decrease in RMB denominated turnover was 22.9%. The gross profit increased by 80.3% to HK\$1,296.9 million from that of HK\$719.1 million last year, which is primarily attributed to improved profitability of property sales during the year under review ...*

*'Net loss attributable to owners of the Company was approximately HK\$134.5 million, as compared to net loss attributable to owners of the Company of HK\$539.0 million for last financial year. The significant decrease was primarily a mix of (i) improved profitability of property sales; (ii) increase in fair value gains on investment properties owned by the Group during the year ended 31 July 2022 as compared to last financial year; and (iii) increase in impairment losses of property, plant and equipment for the year ended 31 July 2022.*

*'Net loss per share was HK\$0.406 (2021: HK\$1.628 per share).*

*'Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$391.6 million for the year under review (2021: HK\$727.5 million). Net loss per share excluding the effect of property revaluations was approximately HK\$1.183 (2021: HK\$2.198).'*

At Page Six of the Chairman's Statement, one was informed that the Board of Directors determined not to recommend the payment of the Final Dividend.

At Page Nine of the Chairman's Statement, under the heading, '**Business Review and Outlook**', Mr Chew Fook Aun had this to impart to his shareholders:

*'In December 2021, Lai Fung MTN Limited, a wholly-owned subsidiary of the Company, established a US\$2,000 million Medium Term Note Programme ("**MTN Programme**"). Notes to be issued under the MTN Programme are unconditionally and irrevocably guaranteed by the Company. The MTN Programme enables the Group to raise money directly from the capital markets and notes may be issued in US dollars or in other currencies, in various amounts and for various tenors.*

*‘The public float of the Company remains below the minimum public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively) due to the increase in the Company’s shareholding of Mr. Yu Cheuk Yi (余卓兒) and Ms. Yu Siu Yuk (余少玉), they became substantial shareholders and core connected persons of the Company as defined under the Listing Rules. Trading in shares of the Company on the Stock Exchange has been suspended since 1 June 2022 and will remain suspended until the minimum public float is restored. The Company is taking appropriate steps to resolve the issues causing its trading suspension and further announcement(s) will be made by the Company as and when appropriate.*

*‘As at 31 July 2022, the Group has approximately HK\$4,142.6 million of cash on hand (2021: HK\$4,699.0 million) and undrawn facilities of HK\$1,984.5 million (2021: HK\$3,026.3 million) with a net debt to equity ratio of 53% as at 31 July 2022 (2021: 45%). The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.’*

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