

Quest for Securities & Investment Elites (QSIE)
Case Analysis Competition 2020
2020 證券與投資精英大比拼
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Supplementary Information

ABC Holdings Limited (“ABC”) has invested in real estate deals in Los Angeles and New York, as well as Hawaii for the past few years.

Followed by Chinese government’s crackdown on outbound capital flows in 2018, ABC appears to be having a liquidity crunch and needs to look for fresh cash apparently for its Los Angeles project, the ABC Plaza.

In the Chairman’s Statement of the Interim Report 2019, ABC is “...strictly adhered to the principle of stability and continued to control risks, with focus on the adequacy of capital in supporting the progress of its business development. Through flexible alignment of various financing channels, ABC stepped up the consolidation of its overseas liquidity and improved the efficiency of its cash utilisation, so as to ensure that its projects were developed in an orderly manner according to sufficiency of funds, respective development plans and corresponding timelines. With the continuous efforts of the management, ABC has successfully raised a net financing proceeds of RMB1,287.4 million during the six months ended 30 June 2019. Meanwhile, the controlling shareholder continued to provide financial support to ensure the liquidity of ABC. As at 30 June 2019, ABC has obtained a total loan amount of approximately RMB5,566.8 million from the controlling shareholder (31 December 2018: RMB5,194.8 million).”

ABC’s Consolidated Statement of Financial Position and Consolidated Statement of Income are unaudited ended 30 June 2019.

ABC CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
ASSETS		
Non-current assets		
Properties, plant and equipment	2,854,198	2,852,735
Investment properties	4,900,356	4,413,071
Right-of-use assets	71,185	–
Leasehold land and land use rights	2,236	2,291
Financial assets at fair value through other comprehensive income	315,900	314,290
Financial assets at fair value through profit or loss	65,482	64,700
Deposits, prepayments and other receivables	800,887	624,105
Deferred income tax assets	7,828	10,585
	9,018,072	8,281,777
Current assets		
Properties under development	15,189,609	14,798,884
Trade receivables	203	1,595
Deposits, prepayments and other receivables	65,525	73,504
Restricted cash	346,335	411,892
	96,776	677,983
	15,698,448	15,963,858
Total assets	24,716,520	24,245,635

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
EQUITY		
Equity attributable to shareholders of the Company		
Share capital	1,614,265	1,614,265
Reserves	8,702,502	8,759,303
	10,316,767	10,373,568
Non-controlling interests	429,691	438,872
Total equity	10,746,458	10,812,440
LIABILITIES		
Non-current liabilities		
Borrowings	2,915,526	1,633,570
Lease liabilities	71,038	–
Amount due to an intermediate holding company	5,566,826	5,194,773
Deferred income tax liabilities	274,095	269,339
	8,827,485	7,097,682
Current liabilities		
Deposits received, other payables and accruals	1,825,287	1,795,017
Borrowings	3,275,240	4,513,893
Lease liabilities	17,429	–
Current income tax liabilities	24,621	26,603
	5,142,577	6,335,513
Total liabilities	13,970,062	13,433,195
Total equity and liabilities	24,716,520	24,245,635

ABC CONSOLIDATED STATEMENT OF INCOME

Unaudited
Six months ended 30 June

	2019	2018
	RMB'000	RMB'000
Revenue	57,590	76,680
Cost of sales	(3,892)	(4,297)
Gross profit	53,698	72,383
Other net gains/(losses)	1,003	(5,724)
Administrative expenses	(79,576)	(38,444)
Selling and distribution costs	(2,358)	(3,139)
Operating (loss)/profit	(27,233)	25,076
Interest expense	(2,402)	–
(Loss)/profit before tax	(29,635)	25,076
Income tax expense	(12,929)	(11,909)
(Loss)/profit for the period	(42,564)	13,167
(Loss)/profit attributable to:		
Shareholders of the Company	(35,571)	13,755
Non-controlling interests	(6,993)	(588)
	(42,564)	13,167