

# TARGET

## Intelligence Report

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**VITAL INNOVATIONS HOLDINGS LTD:  
AUDITORS COME; AUDITORS GO;  
BUT THE LOSSES GO ON, AND ON, AND ON ...**

**Can This Company Bear The Brunt  
Of Future Problems ?**

Ever since Vital Innovations Holdings Ltd (維太創科控股有限公司) (Code: 6133, Main Board, The Stock Exchange of Hongkong Ltd) obtained permission from the powers that be for its shares to be listed on the premier equity market of The **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, Senior Management has been beset by one problem after another.

The Company was listed on the Main Board of The Stock Exchange of Hongkong Ltd on or about June 26, 2015, and, after scooping up about \$HK468.80 million from the net proceeds of the Global Offering of its Shares, Management was forced to bite the proverbial bullet of adversity.

On the first full Financial Year as a publicly listed company, which was in respect of the Financial Year, ended December 31, 2016, the shares of which, having been listed on the Main Board of The Stock Exchange of Hongkong Ltd, Management was obliged to announce the following:

- *'Our Revenue decreased from RMB1,408.3 million to RMB406.1 million, representing a decrease of 71.2% or RMB1,002.2 million.*
- *'Net profit of the Company attributable to shareholders amounted to RMB15.5 million compared to RMB180.9 million, representing a decrease of 91.4% or RMB165.4 million.*
- *'Basic earnings per share for the year ended 31 December 2016 was approximately RMB2 cents (for the corresponding period in 2015: approximately RMB24 cents).*

- *‘The Board recommended the payment of a final dividend of HK2.000 cents (2015:HK5.055 cents) per ordinary share for the year ended 31 December 2016.’*

For the following five Financial Years, ended December 31, 2021, matters went from bad to worse, as were presented at Page 142 of the 2021 Annual Report of the Company:

	<i>For the year ended 31 December</i>				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>CONSOLIDATED RESULTS</b>					
<i>Revenue</i>	<b>672,651</b>	881,137	815,940	911,448	196,142
<i>(Loss) profit before tax</i>	<b>(20,567)</b>	(97,610)	(5,574)	14,549	(107,729)
<i>Income tax expense</i>	–	–	–	–	(1,977)
<i>(Loss) profit and total comprehensive (expense) income for the year attributable to equity holders of the Company</i>	<b>(20,567)</b>	(97,610)	(5,574)	14,549	(109,706)
	<i>As at 31 December</i>				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>					
<i>Total assets</i>	<b>640,560</b>	710,600	750,467	881,167	916,546
<i>Total liabilities</i>	<b>(98,908)</b>	(148,381)	(90,638)	(140,764)	(186,994)
<i>Net assets</i>	<b>541,652</b>	562,219	659,829	740,403	729,552
<i>Equity attributable to owners of the Company</i>	<b>541,699</b>	562,204	659,829	740,403	729,552

Suffice it to state, dividends have not been recommended since the 2016 Financial Year.

### **The Business Of Vital Innovations Holdings Ltd**

At Page Four of the 2021 Annual Report of Vital Innovations Holdings Ltd, under the heading, ‘**MANAGEMENT DISCUSSION AND ANALYSIS**’, one was treated to a ‘**BUSINESS REVIEW**’ as follows:

*‘Vital Innovations Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is primarily engaged in the provision of products and services including mobile phones, smartphones and related business which encompassed research and development, design, engineering, material sourcing, supply chain management, logistic, and the services activities to the target markets. The Group’s main business is to service its diverse number of wholesalers and resellers by using its extensive understanding of telecommunication technology, a large network of technological and service provider partners.*

*‘In 2021, the main business of the Group was adversely affected by two factors. One is the unfavourable Sino-American relationships in various aspects and the other is the continue outbreak of COVID-19 variants. The international business environment was under tremendous pressure.*

*Worldwide smartphone shipments declined year on year in the fourth quarter of 2021 marking the second straight quarter of negative growth, despite 2021 worldwide smartphone recorded a growth of a 5.7% with 1.35 billion units smartphones shipped (according to the International Data Corporation(IDC)). Smartphone sales rebounded in the first half of 2021, following a 12.5% decline in 2020 because of COVID-19. However, component shortages and supply chain disruptions affected smartphones sales in the second half of 2021. As a result, low stock availability are expected to continue to disrupt global smartphone sales. In addition, the increasing demand of Integrated Circuits (“IC”) for electric cars manufacturing will affect the ... [CLICK TO ORDER FULL ARTICLE](#)*

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