

TARGET

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T U E S D A Y

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**WAI CHI HOLDINGS COMPANY LTD:
WITHOUT QUESTION,
IT IS THE PATERFAMILIAS WHO RUNS THIS SHOW**

**One Would Be Wise
To Consider The Possible
Consequences Of Rash Actions**

On or about Friday, August 26, 2022, Senior Management of Wai Chi Holdings Company Ltd (偉志控股有限公司) (Code: 1305, Main Board, The Stock Exchange of Hongkong Ltd) released its Interim Results Announcement in respect of the six months, ended Thursday, June 30, 2022.

In many respects, the Condensed Consolidated Statement Of Profit Or Loss initially indicated bullishness, but on close inspection of the statistics, one could not help but begin to ponder whether or not first impressions were, in every respect, accurate.

The following are the statistics, presented at Page Two of the Condensed Consolidated Statement Of Profit Or Loss, to which this medium has taken the liberty of extrapolating certain items:

	For The Six Months, Ended June 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK’000 (except where otherwise stipulated)		
Revenue	1,112,441	892,393	24.66
Gross Profit	113,840	130,654	(12.87)
Gross Profit Margin*	10.23 percent	14.64 percent	(30.12)
Other Income	29,142	10,844	168.74
Other Gains And Losses	6,166	(5,860)	205.22
Profit Before Taxation	32,372	19,441	66.51
Profit For The Period	32,476	15,076	115.42
Profit For The Period Attributable To Shareholders Of The Company	32,940	15,443	113.30
Net Profit Margin*	2.96 percent	1.73 percent	71.10
Earnings Per Share	15.19 cents	7.12 cents	113.34

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

With regard to the item in the above table, marked '**Other Income**', at Note Four to the Notes to the Accounts, found at Page Seven of the Interim Results, under the heading, '**REVENUE AND OTHER INCOME**', one learns the following facts:

	<i>'Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
<i>Sales of goods</i>		
– LED backlight	780,139	650,053
– LED lighting	48,761	64,360
– Semiconductor memory chips	<u>283,541</u>	<u>177,980</u>
	<u>1,112,441</u>	<u>892,393</u>
Disaggregation of revenue by timing of recognition		
<i>Timing of revenue recognition</i>		
– At a point in time	<u>1,112,441</u>	<u>892,393</u>
Other income		
Bank interest income	18,264	4,661
Exchange gains, net	5,320	–
Government grants (note)	1,776	3,362
Gain on disposal of property, plant and equipment, net	–	848
Sales of scrapped materials	106	73
Sundry income	<u>3,676</u>	<u>1,900</u>
	<u>29,142</u>	<u>10,844</u>

'Note: Included in the amount, there are government grants immediately recognised as other income during the six months ended 30 June 2022 of approximately HK\$1,776,000 (six months ended 30 June 2021: approximately HK\$3,362,000) which were received from the PRC government in respect of certain research projects and salaries subsidies, the relevant granting criteria of which have been fulfilled.'

About the item, labelled, '**Semiconductor memory chips**', found in the top table of Note Four, under the heading, '**BUSINESS REVIEW**', the subhead, being '**Semiconductor Memory Chip Business**', it was explained as follows:

'The rising demand for memory chips and their broadened applications motivated the Group to engage in the industry of semiconductor memory chip packaging and testing. After years of thorough planning and careful preparation, this line of business was launched during the period under review. Facing pressure from the domestic consumer market slowdown, the Group conducted this line of business prudently during the period under review. As the latest addition to the Group's portfolio, with a

relatively short period of operation, during the period under review, the segment contributed a revenue of approximately HK\$14,642,000 (six months ended 30 June 2021: nil).

‘Leading up to the launch of the semiconductor memory chip packaging and testing business, the Group had been engaging in sourcing memory chip-related products. During the six months ended 30 June 2022, the sourcing segment recorded a revenue of approximately HK\$268,899,000 (six months ended 30 June 2021: approximately HK\$177,980,000), representing an increase of approximately 51.1%.’

The 2021 Annual Report Of Wai Chi Holdings Company Ltd

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