

TARGET

Intelligence Report

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SINO ICT HOLDINGS LTD: LOVE IT – OR LEAVE IT !

Sino ICT Holdings Ltd (芯成科技控股有限公司) (Code: 365, Main Board, The Stock Exchange of Hongkong Ltd) describes the Company's 'principal activity' as being investment holding, whilst the principal activities of its subsidiaries cover the business of (i) SMT equipment manufacturing; (ii) securities investment; (iii) development, building and operations of energy storage power stations in The People's Republic of China (PRC), and (iv) manufacture of advanced domestic radar hardware and development, application, and system integration of radar intelligent software.

Management of Sino ICT Holdings Ltd, having carefully identified the aforementioned, one was informed of the following:

'During the year, the main business of the Group includes (iii) and (iv) in addition to the existing businesses.'

Having been, perhaps, somewhat a little confused as to that which had been the Company's 'main business,' during the Financial Year, ended December 31, 2022, that which was not in doubt was found at Page 40 of the 2022 Annual Report, under the heading: '**FIVE YEAR FINANCIAL SUMMARY.**'

The following table is a verbatim copy of the Financial Summary from this Page of the 2022 Annual Report:

	<i>'Year ended 31 December</i>				
	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Restated)</i>	<i>(Restated)</i>
RESULTS					
<i>Revenue and gain on securities investment</i>	<u><i>231,616</i></u>	<u><i>322,981</i></u>	<u><i>270,560</i></u>	<u><i>201,163</i></u>	<u><i>71,430</i></u>
<i>(Loss)/Profit before income tax</i>	<u><i>(33,641)</i></u>	<u><i>46,416</i></u>	<u><i>25,249</i></u>	<u><i>(6,802)</i></u>	<u><i>(143,422)</i></u>
<i>Income tax credit/(expense)</i>	<u><i>549</i></u>	<u><i>(8,134)</i></u>	<u><i>(5,599)</i></u>	<u><i>(4,809)</i></u>	<u><i>20,822</i></u>
<i>(Loss)/Profit for the year</i>	<u><i>(33,092)</i></u>	<u><i>38,282</i></u>	<u><i>19,650</i></u>	<u><i>(11,611)</i></u>	<u><i>(122,600)</i></u>

Another factor that one might find more than a little confusing is that the Gearing Ratio of the Company, as at December 31, 2022, stood at 148.57 percent!

Mr Yuan I Pei (袁以沛), the Chairman of the Board of Director of Sino ICT Holdings Ltd, took the trouble of exercising his penmanship, writing some 10 pages of his Statement to Shareholders.

The following are just some of his many thoughts:

‘Overview

‘With the rapid development of digitalization and artificial intelligence technology, the field of science and technology has become an important engine in promoting high-quality economic growth. Various industries in the world encountered great challenges in many aspects in 2022 due to international geopolitical and military conflicts, trade protectionism, rising inflation and interest rates, sharp fluctuations in energy and raw material prices, and the climate change issue, leading to a weak global demand in the consumer market and slow global economic growth. The Chinese economy was inevitably impacted, and sustainable development is facing threats. However, we believe that as COVID-19 is gradually controlled, the economies of many countries are expected to recover, and the world and China’s macroeconomics are entering into a more mature and stable stage. In the field of digitalization and intelligence especially, the global market potential is still huge, innovative technologies and business models represented by artificial intelligence continue to emerge, promoting the transformation and upgrading of traditional industries, bringing new growth to the world economy, and creating opportunities for innovative technology companies. In particular, the Chinese economy still has strong resilience and endogenous power. The digital transformation and green economic development vigorously promoted by the Chinese government will also provide unlimited opportunities for local and multinational technology companies, injecting new momentum into the realization of business development and financial goals for enterprises ...

‘Business Review

‘For the year ended December 31, 2022, the Group’s total revenue were (sic) approximately HK\$231,616,000, gross profit on securities investment was approximately HK\$94,990,000, and the gross profit margin was 41.01%. The Group’s performance fell year-on-year, attributing to the mismatch of income and expenditure caused by the development of new businesses and external factors such as the continued turmoil in the global economy and inflation. However, entering 2023, the Group will continue to make efforts in the fields of digitization and intelligence, take advantage of national policy and market demand to actively promote various businesses in parallel, strive to boost revenue and achieve business growth and sustainable operation simultaneously.

‘SMT and Semiconductor Equipment Manufacturing Business

*‘In 2022, the Group continued to provide customers with full-line SMT and semiconductor equipment manufacturing solutions. Despite obstacles of the industry’s sluggish development and tightened chipmaking exports to China brought up by the revision of U.S. “**Export Administration Regulations**,” the Group actively integrated into the trend of domestic substitution, introducing the new packaging equipment “**IC bonding machine**” and welding equipment for reflow soldering to several exhibitions in China to explore market opportunities in the second half of the year. The total revenue of the segment was HK\$231,140,000, and the gross profit of the segment was HK\$94,514,000 in 2022. Considering the overall downturn in the domestic manufacturing industry and the adjustment of the Group’s business during the period, the Group believes that the overall performance of this sector was within the expected range...*

‘Grid Energy Storage Station Business

‘The new energy industry is one of the emerging economic fields in the world. In recent years, China has been unswervingly promoting the energy revolution, accelerating ... [CLICK TO ORDER FULL ARTICLE](#)

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