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SKY LIGHT HOLDINGS LIMITED
天彩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3882)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2019	2018	CHANGE
	HK$'000	*HK$'000*	
	(Unaudited)	(Unaudited)	
REVENUE	**265,647**	558,786	(52.5%)
COST OF SALES	**(230,683)**	(605,168)	(61.9%)
GROSS PROFIT	**34,964**	(46,382)	(175.4%)
GROSS PROFIT MARGIN (%)	**13.2%**	(8.3%)	21.5 p.p.t.
LOSS FOR THE PERIOD	**(34,539)**	(237,950)	(85.5%)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT BASIC AND DILUTED	**HK(3.7) cents**	HK(27.9) cents	(86.7%)
TOTAL EQUITY	**329,864**	310,067	6.4%

The board (the "**Board**") of directors ("**Directors**") of Sky Light Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 ("**2019 Interim**"), together with the comparative figures for the six months ended 30 June 2018 ("**2018 Interim**"). These results have been reviewed by the Company's audit committee (the "**Audit Committee**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**265,647**	558,786
Cost of sales		**(230,683)**	(605,168)
Gross profit		**34,964**	(46,382)
Other income and gains	*5*	**5,590**	10,537
Selling and distribution expenses		**(13,126)**	(22,427)
Administrative expenses		**(24,577)**	(101,690)
Research and development expenses		**(28,778)**	(64,402)
Other expenses		**(6,915)**	(6,510)
Finance costs	*7*	**(1,653)**	(896)
Share of losses of associates		**–**	(3,096)
LOSS BEFORE TAX	*6*	**(34,495)**	(234,866)
Income tax expense	*8*	**(44)**	(3,084)
LOSS FOR THE PERIOD		**(34,539)**	(237,950)
Attributable to:			
Owners of the parent		**(34,348)**	(237,950)
Non-controlling interests		**(191)**	–
		(34,539)	(237,950)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*	**925,717**	852,752
Basic		**HK(3.7) cents**	HK(27.9) cents
Diluted		**HK(3.7) cents**	HK(27.9) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(34,539)**	(237,950)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**842**	(2,401)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	**(1,204)**	(2,835)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(362)**	(5,236)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(34,901)**	(243,186)
Attributable to:		
Owners of the parent	**(34,710)**	(243,186)
Non-controlling interests	**(191)**	–
	(34,901)	(243,186)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2019** *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**67,849**	76,741
Right-of-use assets		**59,555**	–
Prepaid land lease payments		**–**	2,610
Intangible assets		**10,346**	10,795
Equity investments designated at fair value through other comprehensive income		**32,831**	34,035
Prepayments and other receivables		**6,102**	9,959
Total non-current assets		**176,683**	134,140
CURRENT ASSETS			
Inventories	*11*	**184,713**	206,852
Trade receivables	*12*	**54,539**	122,602
Due from a related party		**564**	589
Prepayments, other receivables and other assets		**33,013**	49,343
Financial assets at fair value through profit or loss		**2,694**	2,635
Cash and cash equivalents		**105,907**	95,132
Total current assets		**381,430**	477,153
CURRENT LIABILITIES			
Trade and bills payables	*14*	**100,404**	169,046
Other payables and accruals		**53,174**	43,993
Interest-bearing bank borrowings	*13*	**24,307**	29,717
Tax payable		**6,275**	6,275
Due to related parties		**57**	84
Total current liabilities		**184,217**	249,115
NET CURRENT ASSETS		**197,213**	228,038
TOTAL ASSETS LESS CURRENT LIABILITIES		**373,896**	362,178

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**373,896**	362,178
NON-CURRENT LIABILITIES		
Other long term payables	**43,161**	–
Due to a related party	**–**	51,240
Deferred tax liabilities	**871**	871
Total non-current liabilities	**44,032**	52,111
Net assets	**329,864**	310,067
EQUITY		
Equity attributable to owners of the parent		
Share capital	**9,528**	8,572
Shares held for Share Award Scheme	**(4,666)**	(9,333)
Reserves	**317,042**	310,828
	321,904	310,067
Non-controlling interests	**7,960**	–
Total equity	**329,864**	310,067

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 18 December 2013. The Company's registered office address is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 2 July 2015.

The Company is an investment holding company. During the period, the Company's subsidiaries were principally engaged in:

- Manufacture and distribution of home surveillance cameras
- Manufacture and distribution of digital imaging products
- Manufacture and distribution of other electronic products

In the opinion of the directors of the Company (the "**Directors**"), the immediate holding company and the ultimate holding company of the Company is Fortune Six Investment Ltd., a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

During the period,the Group suffered a loss of HK$34,539,000, and had net current assets of HK$197,213,000 as at 30 June 2019. The directors have carefully assessed the Group's liquidity position having taken into account (i) the estimated operating cash inflows of the Group for the next twelve months from the end of the current reporting period; and (ii) obtaining the new bank loans within the next twelve months and the unutilized banking facilities. The directors believe that the Group can satisfy its financial obligations in the foreseeable future and accordingly, the interim financial report has been prepared on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting standards ("**HKFRSs**") effective as of 1 January 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual improvements 2015–2017 cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases-Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17. Since the Group recognised the right-of-use assets in relation to the operating lease that were under HKAS 17 at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments on transition date, there was no impact on the retained earning.

<u>New definition of a lease</u>

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

<u>As a lessee – Leases previously classified as operating leases</u>

Nature of the effect of adoption of HKFRS 16
The Group has lease contracts for various items of buildings and land. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g.,equipment); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other payables and accruals and other long term payables.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All the assets were assessed for any impairment. The Group elected to present the right-of-use assets separately in the statement of financial position. The current and non-current portion of prepaid lease payments, which represents medium-term leasehold lands in Hong Kong, amounting to HK$95,000 and HK$2,610,000 respectively were reclassified to right-of-use assets.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) *HK$'000* (Unaudited)
Assets	
Increase in right-of-use assets	67,856
Decrease in prepaid land lease payments	(2,610)
Decrease in prepayments, other receivables and other assets	(95)
Increase in total assets	65,151
Liabilities	
Increase in other payables	14,536
Increase in other long term payables	50,615
Increase in total liabilities	65,151

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	HK$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	80,009
Weighted average incremental borrowing rate as at 1 January 2019	4.85%
Discounted operating lease commitments as at 1 January 2019	62,718
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	47
Commitments relating to leases of low-value assets	43
Add: Payments in optional extension periods not recognized as at 31 December 2018	2,523
Lease liabilities as at 1 January 2019	65,151

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within long term payable), and the movement during the period are as follow:

	Right-of-use assets			**Lease**
	Land	**Buildings**	**Subtotal**	**Liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2019	2,705	65,151	67,856	65,151
Additions	–	62	62	–
Depreciation charge	(48)	(8,443)	(8,491)	–
Interest expense	–	–	–	1,269
Payments	–	–	–	(8,636)
Exchange difference	–	128	128	91
As at 30 June 2019	2,657	56,898	59,555	57,875

The Group recognised rental expenses from short-term leases of HK$36,000 and leases of low-value assets of HK$23,000.

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the ODM/JDM business segment focuses on the sale, development and manufacture of imaging products which mainly comprise home surveillance cameras, digital imaging products and other products;

(b) the ION360 business segment engages in the sale, development of cameras under its own brands.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

All of the revenue in the ODM/JDM business segment and ION360 business segment is derived from the sale of goods, which is recognised when the goods are transferred at a point in time.

During the year ended 31 December 2018, the Group disposed of its ION360 business which had been loss making for some years. The ION360 business was no longer included in the note for operating segment information during the reporting period.

For the six months ended 30 June 2018 (unaudited)	**ODM/JDM business** *HK$'000*	**ION360 business** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	557,707	1,079	558,786
Intersegment sales	26,768	–	26,768
	584,475	1,079	585,554
Reconciliation:			
Elimination of intersegment sales	(26,768)	–	(26,768)
Revenue	557,707	1,079	558,786
Segment results	(49,676)	(179,500)	(229,176)
Reconciliation:			
Elimination of intersegment results	(5,690)	–	(5,690)
Loss before tax	(55,366)	(179,500)	(234,866)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
United States of America	**144,667**	377,011
Mainland China	**29,456**	111,676
European Union	**81,371**	56,567
Other countries and areas	**10,153**	13,532
	265,647	558,786

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Mainland China	**117,194**	129,153
Hong Kong	**13,665**	7,270
Other countries	**12,994**	1,289
	143,853	137,712

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue derived from sales to single customer, which accounted for 10% or more of the total revenue, is set out below:

	Six months ended 30 June 2019
	HK$'000
	(Unaudited)
Customer A	51,808
Customer B	40,919
Customer C	32,122
Customer D	29,465
Customer E	28,818

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**265,647**	558,786
Other income and gains		
Bank interest income	**1,048**	273
Government grants:		
Related to income*	**4,148**	4,720
Exchange gains	**–**	4,676
Others	**394**	868
	5,590	10,537

* The amount mainly represents rewards or subsidies on research activities received from the local government. There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Cost of inventories sold		**210,721**	461,152
Depreciation of property, plant and equipment		**14,344**	17,451
Depreciation of right-of-use assets		**8,491**	–
Amortisation of prepaid land lease payments		**–**	48
Amortisation of intangible assets*		**629**	1,326
Research and development expenses		**28,778**	64,402
Minimum lease payments under operating leases		**–**	14,012
Short term and low value lease payments		**59**	–
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**62,242**	76,220
Pension scheme contributions		**6,174**	7,167
Equity-settled share option expense		**(2,874)**	507
Equity-settled share award scheme expense		**(2,915)**	1,749
		62,627	85,643
Write-down of inventories to net realisable value		**19,962**	144,016
Impairment of prepayments and other receivables		**–**	8,200
Impairment of trade receivables		**1,950**	36,264
Exchange losses/(gains), net		**4,080**	(4,676)
Loss on disposal of items of property, plant and equipment		**1,560**	1,975
Bank interest income	*5*	**(1,048)**	(273)
Government grants	*5*	**(4,148)**	(4,720)

* The amortisation of software is included in "Research and development expenses" and the amortisation of other intangible assets is included in "Selling and distribution expenses" in the interim condensed consolidated statement of profit or loss.

7. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans	**384**	896
Lease liabilities	**1,269**	–
	1,653	896

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatments were available to two of the Group's principal operating subsidiaries, Sky Light Electronics (Shenzhen) Limited and Sky Light Technology (Heyuan) Limited, since they were recognised as High and New Technology Enterprises and they were entitled to a preferential tax rate of 15% for the six months ended 30 June 2019 and 2018.

The Group's subsidiaries in the United States of America (the "US") are subject to the federal tax at a rate of 21%, and also subject to the statutory applicable state corporate income tax at a rate of 8.84%.

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Mainland China	**44**	–
Current – Hong Kong	**–**	11
Deferred	**–**	3,073
Total tax charge for the period	**44**	3,084

9. DIVIDENDS

The directors do not recommend the payment of any interim dividend during the period (six months ended 30 June 2018: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 925,717,000 (six months ended 30 June 2018: 852,752,000) in issue during the period.

As anti-dilutive effect is resulted following the losses incurred by the Group, no adjustment has been made to the basic loss per share amounts for the six months ended 30 June 2019 and 2018.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculations	**(34,348)**	(237,950)
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**925,717,000**	852,752,000
Basic loss per share	**HK(3.7) cents**	HK(27.9) cents
Diluted loss per share	**HK(3.7) cents**	HK(27.9) cents

11. INVENTORIES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Raw materials	**117,318**	130,391
Work in progress	**81,852**	79,839
Finished goods	**158,085**	161,235
	357,255	371,465
Inventory provision	**(172,542)**	(164,613)
	184,713	206,852

The movements of inventory provision are as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Balance at beginning of the period/year	**164,613**	24,116
Provision for the period/year	**19,962**	156,832
Written off as sold-out	**(11,749)**	(12,621)
Exchange realignment	**(284)**	(3,714)
Balance at end of the period/year	**172,542**	164,613

12. TRADE RECEIVABLES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**57,478**	129,222
Impairment	**(2,939)**	(6,620)
	54,539	122,602

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**33,044**	47,917
1 to 2 months	**15,643**	61,906
2 to 3 months	**5,027**	4,860
Over 3 months	**825**	7,919
	54,539	122,602

13. INTEREST-BEARING BANK BORROWINGS

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	**3.6-4.0**	**2019**	**24,307**	2.6-4.3	2019	29,717
			24,307			29,717

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysed into:		
Bank loans:		
Within one year	**24,307**	29,717

The Group's banking facilities amounting to HK$33,000,000 as at 30 June 2019 (31 December 2018: HK$33,000,000), of which HK$24,307,000 (31 December 2018: HK$29,717,000) had been utilised as at the end of the reporting period.

The Group's banking facilities amounting to HK$10,000,000 are secured by mortgages over the Group's building. The Group's banking facility amounting to HK$23,000,000 is secured by an insurance and a wealth management product purchased from the bank.

All borrowings are denominated in United States dollars.

14. TRADE AND BILLS PAYABLES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**100,404**	168,187
Bills payables	**–**	859
	100,404	169,046

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**66,188**	78,762
1 to 2 months	**15,373**	52,929
2 to 3 months	**14,871**	29,154
Over 3 months	**3,972**	8,201
	100,404	169,046

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 120 days.

15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Unpaid investment amount	**–**	15,284
Plant and machinery	**83**	762
	83	16,046

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income and the related notes thereto for the six months ended 30 June 2019 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's interim condensed consolidated financial statements for the period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in the marketing, development and manufacturing of home surveillance cameras, 360-degree cameras and other digital imaging products such as car camcorders, police cameras as well as imaging products for various alternative purposes. In particular, the Group is one of the leading digital imaging device and solutions providers for the home surveillance camera industry. Leveraging its substantial experience spanning a diverse range of digital imaging products, the Group differentiates itself from other manufacturers by offering design-driven joint design manufacturing ("**JDM**") and original design manufacturing ("**ODM**") solutions to customers.

For 2019 Interim, the Group's turnover significantly dropped to approximately HK$265.6 million compared to approximately HK$558.8 million for the same period of 2018. More than 50% of our business products fell into the list of the US tariff imposed on US$ 200 billion goods importing to the US. Our US customers reduced their orders and temporarily halted the project discussions with us from fourth quarter ("**Q4**") of 2018, affecting our business in the first half of 2019. In December of 2018, we decided to set up a factory near Hanoi, Vietnam in which we own 65% majority equity interest. The factory started pilot run in May, 2019.

Our loss in the first half of 2019 significantly reduced to approximately HK$34.5 million compared to approximately HK$238.0 million for the same period of 2018, mainly because we terminated the ION360 business at the end of 2018, and kept on reducing our operation costs.

Prospects

After terminating the ION360 business, we are focusing on manufacturing business and developing innovative products for future opportunities. With our production in Vietnam, many customers are keenly interested to start projects with us. We are optimistic with our business starting from Q4 of 2019 and the management team will work hard to turn around as soon as possible.

We believe that imaging products and solutions will be widely used with different applications, especially when the era of 5th generation mobile networks ("5G") is being launched. We trust the market demand will increase continuously and the Group's management is confident about our future. Thus, the Group will work hard to increase market share and deliver high-quality products and solutions to our customers by pursuing the following strategies:

- Continue to develop innovative products by further investing in product planning and development capabilities;
- Strengthen customer relationships and further expand our worldwide customer base;
- Improve the operational excellence of our factories in Vietnam and China.

Financial review

Turnover

The Group's products mainly consist of the following three categories: (i) home surveillance cameras, (ii) digital imaging products, and (iii) other products. It generates revenue predominantly from sales of these products, as well as from other income, such as research and development ("R&D") service and tooling fees associated with products that it manufactures for customers. It is expected that the contribution from home surveillance cameras will increase in the next few years. The following table sets out the breakdown of the revenue from sales of major products by product type for the periods indicated:

	Six months ended 30 June				
	2019		2018		
	HK$'000	**% of total revenue**	*HK$'000*	% of total revenue	Revenue change
Home surveillance cameras	**99,968**	**37.6%**	396,896	71.0%	(74.8%)
Digital imaging products	**67,692**	**25.5%**	130,298	23.3%	(48.0%)
Other products	**97,987**	**36.9%**	31,592	5.7%	210.2%
Total	**265,647**	**100.0%**	558,786	100.0%	(52.5%)

For 2019 Interim, the Group recorded a turnover of approximately HK$265.6 million from the ODM/JDM business (2018 Interim: approximately HK$558.8 million), representing a significant decrease of approximately 52.5% as compared to 2018 Interim. Mainly due to the significant decrease of number of orders received by the Group from its customers in the US as compared with the same period of last year caused by the trade war between the US and the People's Republic of China ("China"), with the US imposing tariff on goods originating from China including most of the Group's export to the US.

The Group sells its products mainly to customers in the US and European Union and it is expected that the US and European Union market will continue to account for majority of the Group's revenue in the foreseeable future. The following table sets out the breakdown of revenue by location of customers for the periods indicated:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
United States of America	**144,667**	377,011
Mainland China	**29,456**	111,676
European Union	**81,371**	56,567
Other countries and areas	**10,153**	13,532
Total	**265,647**	558,786

Cost of sales

Cost of sales represents costs and expenses directly attributable to the manufacture of the Group's products which comprise (i) raw materials, components and parts, including, among others, key components such as digital signal processors, lenses and sensors; (ii) direct labour; and (iii) production overhead, including mainly depreciation of production equipment and indirect labour.

For 2019 Interim, cost of sales of the Group amounted to approximately HK$230.7 million (2018 Interim: approximately HK$605.2 million), representing a decrease of approximately 61.9% as compared to 2018 Interim, and amounted to approximately 86.8% (2018 Interim: approximately 108.3%) of its turnover for 2019 Interim. This decrease mainly attributable to (i) reduction of approximately HK$132.4 million of the impairment losses for inventories for ION360 business and (ii) significant decrease in the shipment units of home surveillance cameras and digital imaging products.

Gross profit and gross profit margin

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**265,647**	558,786
Cost of sales	**230,683**	605,168
Gross profit	**34,964**	(46,382)
Gross profit margin	**13.2%**	(8.3%)

The Group recorded a gross profit of approximately HK$35.0 million for 2019 Interim (2018 Interim: approximately HK$(46.4) million), representing an increase of approximately 175.4% as compared to 2018 Interim. The gross profit margin increased from approximately (8.3%) for 2018 Interim to approximately 13.2% for 2019 Interim. This increase was mainly attributable to the inventory provision amounted to HK$132.4 million for the six months ended 30 June 2018 arising from ION360 business. As ION360 business was disposed in 2018, no such significant expense occurred in 2019 Interim.

Other income and gains

Other income and gains mainly include (i) bank interest income; (ii) government grants, which mainly consist of rewards and subsidies for research activities granted by the local government with no unfulfilled conditions or contingencies; and (iii) exchange gains arising mainly from fluctuation of Renminbi ("**RMB**") against US dollar ("**US$**") between the invoice and settlement dates of its sales and purchases, and from translation of its US$-denominated trade payables and receivables.

For 2019 Interim, other income and gains of the Group decreased by approximately 46.9% to approximately HK$5.6 million as compared to 2018 Interim, which was primarily attributable to a decrease of approximately HK$4.7 million in exchange gain.

Selling and distribution expenses

Selling and distribution expenses mainly include (i) salaries and benefits of its sales and marketing staff; (ii) transportation costs for delivery of products; (iii) marketing, exhibition and advertising costs; and (iv) entertainment expenses relating to its sales and marketing activities.

For 2019 Interim, selling and distribution expenses of the Group decreased approximately 41.5% to approximately HK$13.1 million from approximately HK$22.4 million for 2018 Interim. The decrease was mainly due to the reduction in the majority of cost for ION360 business.

Administrative expenses

Administrative expenses mainly include (i) salaries and benefits of the Group's management, administrative and finance staff; (ii) rental and office expenses; (iii) professional fees; (iv) other taxes and levies payable to government authorities; (v) bad debt provision for trade receivables; and (vi) entertainment expenses.

For 2019 Interim, administrative expenses of the Group decreased by approximately 75.8% to approximately HK$24.6 million (2018 Interim: approximately HK$101.7 million). The decrease was mainly due to (i) the reduction in the majority of cost for ION360 business approximately HK$15.1 million; (ii) the reduction of the impairment loss for account receivable and prepayments of approximately HK$42.5 million; and (iii) the Group's stringent cost control during 2019 interim.

Research and development costs

Research and development costs include (i) salaries and benefits of the Group's research and development and product planning staff; (ii) raw materials, components and parts used for research and development and product planning; and (iii) other miscellaneous costs and expenses such as rental fees, design service fees, depreciation and certification fees.

For 2019 Interim, the Group recorded research and development costs of approximately HK$28.8 million, which decreased by approximately 55.3% from approximately HK$64.4 million for 2018 Interim. The decrease was mainly due to (i) the reduction in the majority of cost for ION360 business approximately HK$15.0 million and (ii) the Group's stringent cost control during 2019 interim.

Other expenses

Other expenses include principally (i) exchange losses arising mainly from fluctuations in exchange rates between the invoice and settlement dates of its sales and purchases and from translation of its US$-denominated trade payables and receivables; and (ii) impairment losses of assets.

For 2019 Interim, other expenses of the Group increased to approximately HK$6.9 million from approximately HK$6.5 million for 2018 Interim. This mainly consisted the loss on disposal of fixed assets.

Finance costs

For 2019 Interim, the finance costs of the Group increased to approximately HK$1.7 million (2018 Interim: approximately HK$0.9 million), representing an increase by approximately 84.5% as compared to 2018 Interim. This increase was attributable to the adoption of HKFRS 16.

Income tax expense

For 2019 Interim, the income tax expense of the Group were approximately HK$0.04 million (2018 Interim: approximately HK$3.1 million). The income tax expense recognised in 2018 Interim was due to the reversal of deferred tax assets and no such expense occurred in 2019 Interim.

Net loss

As a result of the foregoing, the Group recorded a loss of approximately HK$34.5 million for 2019 Interim.

Liquidity and capital resources

The Group's principal cash requirements are to pay for working capital needs, capital expenditures for the expansion and upgrade of production facilities. The Group meets these cash requirements by relying on cash flows generated from operating activities. The following table sets out its selected consolidated cash flow for the periods indicated:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash flows from/(used in) operating activities	**18,009**	(88,736)
Net cash flows used in investing activities	**(2,379)**	(334)
Net cash flows used in financing activities	**(6,749)**	(28,159)
Net increase/(decrease) in cash and cash equivalents	**8,881**	(117,229)
Cash and cash equivalents at beginning of period	**95,132**	203,129
Effect of foreign exchange rate changes, net	**1,894**	(3,655)
Cash and cash equivalents at end of period	**105,907**	82,245

Net cash from operating activities for 2019 Interim was approximately HK$18.0 million, which primarily reflected (i) the adjusted loss before tax of approximately HK$34.5 million; (ii) the decrease of trade receivables of approximately HK$66.1 million; (iii) the decrease in trade and bills payables balances of approximately HK$68.6 million; and (iv) the decrease in prepayments, and other assets of approximately HK$16.2 million.

Net cash used in investing activities for 2019 Interim was approximately HK$2.4 million. This mainly consisted of (i) payment of approximately HK$7.0 million for purchases of property, plant and equipment and intangible assets primarily for the upgrade of certain equipment and software to support the production of high-quality products; (ii) the gross proceeds from disposals of items of property, plant and equipment of approximately HK$3.6 million; and (iii) the interest received of approximately HK$1.0 million.

Net cash used in the financing activities for 2019 Interim was approximately HK$6.7 million, which was mainly reflected (i) the net repayment of bank borrowing of approximately HK$5.4 million; and (ii) principal portion of lease payments approximately HK$8.6 million and capital contribution from a non-controlling shareholder approximately HK$8.2 million; and (iii) interest paid of approximately HK$0.4 million and share issue expenses of approximately HK$0.5 million.

The Group's cash and cash equivalents were mainly denominated in US$, HK$ and RMB as at 30 June 2019.

Borrowing and the pledge of assets

The Group's bank facilities amounting to HK$33.0 million (31 December 2018: HK$33.0 million), of which HK$24.3 million (31 December 2018: HK$29.7 million) had been utilised as at the 30 June 2019.

The Group's banking facilities amounting to HK$10.0 million are secured by mortgages over the Group's building. The Group's banking facility amounting to HK$23.0 million is secured by an insurance and a wealth management product purchased from the bank.

The Group's bank and other borrowings are all denominated in US$. As at 30 June 2019, the annual interest rate of bank borrowings ranged from 3.6% to 4.0% (31 December 2018: 2.6% to 4.3%).

Gearing ratio

Gearing ratio is calculated by dividing total debt (which equals interest-bearing bank and other borrowings) by total equity as at the end of the each period. The Group's gearing ratio as at 31 December 2018 and 30 June 2019 was approximately 9.6% and approximately 7.4%, respectively. The decrease in gearing ratio was primarily due to significant decrease in interest-bearing bank borrowings and the capitalization of shareholder loan.

Capital expenditure

During 2019 Interim, the Group invested approximately HK$7.0 million (2018 Interim: approximately HK$13.4 million) in fixed assets and intangible assets, which was mainly used for the expense for the upgrade of property, plant and equipments in factory located in Shenzhen and the decoration of factory located in Vietnam.

Off balance sheet transactions

During 2019 Interim, the Group did not enter into any material off balance sheet transactions.

Foreign exchange exposure and exchange rate risk

The Group has transactional currency exposure, which arises from sales in currencies other than the relevant operating units, that is, functional currencies. Approximately 85.1% and 95.2% of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sales, whilst approximately 47.0% and 53.8% of inventory costs were denominated in their functional currencies for 2018 Interim and 2019 Interim, respectively.

The Group used forward currency contracts to manage currency risk. However, due to the high fluctuation in exchange rate during the period, the Group did not enter into any forward currency contracts during 2019 Interim and had no outstanding forward currency contracts as at 30 June 2019 (31 December 2018: Nil).

Events after the reporting period

There are no significant events occurring after the reporting period of 2019 Interim up to the date of this announcement.

Treasury policies

The Group has implemented its internal treasury investment policies since January 2015 (updated in December 2015), which provide the guidelines, requirements and approval process with respect to its treasury investment activities. It regularly evaluates the risks and returns of its wealth management products.

Under its treasury investment policies, the Group is only allowed to invest in wealth management products with the two lowest risk rating classified by the banks and debentures with ratings above "BBB" or "baa" or similar ratings. All the treasury products must also meet the following criteria: (i) be issued by well-recognised publicly-listed banks; (ii) no default history; and (iii) have a maturity term of less than one year or can be easily converted into cash in the market. Such treasury investment policies also provide that the outstanding balance of the Group's wealth management products shall not exceed 50% of its total amount of cash and cash equivalents and wealth management products. Any plan to increase this limit must be approved by the Board. No single investment can exceed 35% of the total amount invested.

The Group has an experienced management team and strict procedures in place to ensure the wealth management products are purchased in compliance with its internal policies and requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The management, internal audit and the Board (including the independent non-executive Directors) regularly review its compliance with the treasury investment policies and assess the risk associated with these investments.

During 2019 Interim, the Group did not have any investment under its treasury policies.

Employees and emoluments policy

As at 30 June 2019, the Group employed a total of 1,040 employees (31 December 2018:1,164). The staff costs of the Group, excluding directors' emoluments and any contributions to pension scheme, were approximately HK$62.6 million for 2019 Interim(2018 Interim: approximately HK$85.6 million), approximately HK$5.8 million (2018 Interim: recognised approximately HK$2.3 million) of which are the reversal of expenses for the Group's share option schemes and share award scheme. All of the Group's employees are paid a fixed salary and a bonus depending on their performance as determined by quarterly assessments. The Group seeks to provide compensation for its research and development staff at above-market levels to attract and retain talents. It regularly reviews compensation and benefit policies to ensure that its practices are in line with the market and in compliance with relevant labour regulations. To provide its employees, among others, additional incentives to enhance its business performance, the Group has adopted the pre-IPO share option scheme and the share option scheme, under which grantees are entitled to exercise the options to subscribe for shares subject to the terms and conditions of the respective schemes. In addition to the share option schemes, the Group also adopted a share award scheme on 20 September 2016 to: (i) recognise the contributions by certain employees and to provide them with incentives in order to retain talents; and (ii) attract suitable personnel for the Group's further development.

Significant investments held

As at 30 June 2019, the Group held unlisted equity investments of approximately HK$32.8 million (31 December 2018: approximately HK$34.0 million). These unlisted equity investments were made in start-up companies which have synergies with the Group's business.

Future plans for material investments or capital assets

In the near term, the Group did not have any plans for material investments or capital assets as at the date of this announcement.

Material acquisitions and disposals of subsidiaries and associated companies

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during 2019 Interim.

Contingent liabilities

As at 30 June 2019, the Group had no significant contingent liabilities.

Dividends

The Board does not recommend the payment of interim dividend for 2019 Interim (2018 Interim: Nil).

OTHER INFORMATION

Purchase, sale or redemption of listed securities

The Company is empowered by the applicable Companies Law, Cap 22 of the Cayman Islands and the articles of association of the Company to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during 2019 Interim.

Model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct governing its directors' securities transactions. Specific enquiries have been made with all Directors and they have confirmed that they have complied with the Model Code during 2019 Interim.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees Written Guidelines**"), for securities transactions by relevant employees (including directors or employees of a subsidiary or holding company of the Company) who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

Audit Committee

The Company established Audit Committee on 12 June 2015 with its written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems, nominate and monitor external auditors and provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, being Mr. Tse Yat Hong, Dr. Cheung Wah Keung and Mr. Chan Tsu Ming Louis, all are independent non-executive Directors. Mr. Tse Yat Hong currently serves as the chairman of the Audit Committee.

Before the date of this announcement, a meeting of the Audit Committee has been held with the management and auditor of the Company for reviewing the unaudited interim financial report of the Group for the six months ended 30 June 2019. The review report will be included in the interim report to be despatched to the shareholders of the Company.

Corporate governance practices

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of Shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. Throughout the period from 1 January 2019 up to the date of this announcement, the Company has complied with all applicable code provisions of the CG Code except for code provision A.2.1.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As Mr. Tang Wing Fong Terry is the chairman of the Board and chief executive officer of the Company, the Company has deviated from the code provision A.2.1. The Board considers that having Mr. Tang Wing Fong Terry acting as both the chairman of the Board and the chief executive officer of the Company will provide a strong and consistent leadership to the Company and allow for more effective planning and management for the Group. In view of Mr. Tang's extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Board considers that it is beneficial to the business prospects of the Group that Mr. Tang continues to act as both the chairman of the Board and the chief executive officer of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement for 2019 Interim has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.sky-light.com.hk). The interim report of the Company for the six months ended 30 June 2019 containing information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Sky Light Holdings Limited
Tang Wing Fong Terry
Chairman

Hong Kong, 28 August 2019

As at the date of this announcement, the executive Directors are Mr. Tang Wing Fong Terry and Mr. Lu Yongbin; the non-executive Directors are Mr. Wu Yongmou and Ms. Tang Kam Sau; and the independent non-executive Directors are Mr. Chan Tsu Ming Louis, Dr. Cheung Wah Keung and Mr. Tse Yat Hong.