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COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED
光宇國際集團科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1043)

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

INTERIM RESULTS

The Board of directors (the "Board") of Coslight Technology International Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the six months ended 30 June 2019, together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**853,835**	1,695,308
Cost of sales		**(626,986)**	(1,463,024)
Gross profit		**226,849**	232,284
Other income		**35,019**	40,589
Gain on disposal of interest in an associate		**–**	241,990
Distribution and selling expenses		**(37,241)**	(41,844)
Administrative and other operating expenses		**(158,308)**	(173,414)
Finance costs	*5*	**(46,973)**	(52,739)
Impairment loss recognised		**(40,353)**	–
Share of results of associates		**(3,509)**	12,713
(Loss) profit before tax	*6*	**(24,516)**	259,579
Income tax expense	*7*	**(9,959)**	(56,302)
(Loss) profit for the period		**(34,475)**	203,277

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2019

	Notes	Six months ended 30 June **2019** *RMB'000* (Unaudited)	2018 *RMB'000* (Unaudited)
Other comprehensive income for the period			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**3,462**	19,639
Share of exchange difference reserve of associates		**2,125**	7,461
Other comprehensive income for the period		**5,587**	27,100
Total comprehensive (expense) income for the period		**(28,888)**	230,377
(Loss) profit for the period attributable to:			
Owners of the Company		**(33,414)**	204,717
Non-controlling interests		**(1,061)**	(1,440)
		(34,475)	203,277
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(28,408)**	229,946
Non-controlling interests		**(480)**	431
		(28,888)	230,377
(Loss) earnings per share			
– Basic and diluted	*9*	**(RMB8.81 cents)**	RMB52.74 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**At 30 June 2019 *RMB'000* (Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*10*	**2,185,134**	2,158,064
Right-of-use assets	*16*	**172,581**	–
Other intangible assets		**4,142**	4,109
Goodwill		**–**	–
Prepaid lease payments		**–**	143,937
Deposits paid for acquisition of land		**9,728**	9,728
Interests in associates	*11*	**292,787**	302,860
Interest in a joint venture		**1,000**	1,000
Deposits paid for finance leases		**2,152**	13,909
Deferred tax assets		**45,566**	45,728
		2,713,090	2,679,335
Current assets			
Inventories		**1,446,067**	1,307,453
Trade and other receivables	*12*	**2,276,143**	2,453,827
Prepaid lease payments		**–**	3,613
Right-of-use assets	*16*	**13,244**	–
Amounts due from directors		**637**	360
Amounts due from related companies		**214,618**	117,829
Amount due from a joint venture		**288**	–
Amounts due from associates		**185,817**	168,849
Pledged bank deposits		**250,858**	317,954
Bank balances and cash		**154,817**	129,023
		4,542,489	4,498,908

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2019

	Notes	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*13*	**2,322,760**	2,381,808
Contract liabilities		**46,398**	47,745
Amounts due to directors		**–**	2,834
Amounts due to related companies		**534,198**	413,116
Amounts due to non-controlling interests		**1,475**	1,276
Amounts due to associates		**419,160**	397,796
Tax payables		**39,459**	108,897
Bank borrowings	*14*	**1,176,923**	1,082,777
Lease liabilities	*16*	**13,416**	–
Obligations under finance leases		**–**	26,738
		4,553,789	4,462,987
Net current (liabilities) assets		**(11,300)**	35,921
		2,701,790	2,715,256
Capital and reserves			
Share capital	*15*	**40,094**	40,254
Reserves		**2,211,922**	2,242,804
Equity attributable to owners of the Company		**2,252,016**	2,283,058
Non-controlling interests		**201,722**	202,202
Total equity		**2,453,738**	2,485,260
Non-current liabilities			
Deferred tax liabilities		**23,566**	23,141
Lease liabilities	*16*	**38,641**	–
Obligations under finance leases		**–**	18,557
Deferred government grants		**185,845**	188,298
		248,052	229,996
		2,701,790	2,715,256

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION

Coslight Technology International Group Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is located at Room 2501-2502, COSCO Tower, 181-183 Queen's Road Central, Hong Kong.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its People's Republic of China (the "PRC") subsidiaries. Other than those PRC subsidiaries, the functional currency of those subsidiaries established in India is denoted in Indian Rupee ("INR").

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding and the manufacture and sales of battery products.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial assets at fair value through profit or loss which are measured at revalued amounts, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except as described below.

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out below. The application of other new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described below. The Group has applied HKFRSs 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-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.

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below.

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs (Continued)

HKFRS 16 Leases (Continued)

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was ranged from 4.75% to 5.13%.

The Group recognises right-of-use assets and measures them at their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group leases a number of items of production equipment. These leases were classified as finance leases under HKAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date. Accordingly, the obligations under finance leases previously are now included within lease liabilities, and the carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	Notes	**Carrying amount previously reported at 31 December 2018** *RMB'000*	**Impact on adoption of HKFRS 16** *RMB'000*	**Carrying amount as restated at 1 January 2019** *RMB'000*
Right-of-use assets	*(a) & (b)*	–	197,789	197,789
Prepaid lease payment	*(c)*	147,550	(147,550)	–
Obligations under finance leases	*(b)*	45,295	(45,295)	–
Lease liabilities	*(a) & (b)*	–	95,534	95,534

3. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs (Continued)

HKFRS 16 Leases (Continued)

The Group as lessee (Continued)

Notes:

(a) As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately RMB50,239,000.

(b) The obligations under finance leases of approximately RMB45,295,000 as at 31 December 2018 are now included within lease liabilities.

(c) Prepaid lease payments of approximately RMB147,550,000 as at 31 December 2018 are now reclassified to right-of-use assets.

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into four major reporting divisions – sealed lead acid batteries and related accessories, lithium-ion batteries, nickel batteries and online game services.

Principal activities are as follows:

Sealed lead acid batteries and related accessories	–	manufacture and sale of sealed lead acid batteries and related accessories
Lithium-ion batteries	–	manufacture and sale of lithium-ion batteries
Nickel batteries	–	manufacture and sale of nickel batteries
Online game services	–	provision of online game services
Others	–	manufacture and sale of signal strength systems, electric and automation system, motor vehicle, pharmaceutical products and online game services

Inter-segment sale transactions are charged at prevailing market rates.

4. **SEGMENT INFORMATION (Continued)**

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 June 2019 (Unaudited)

	Sealed lead acid batteries and related accessories *RMB'000*	Lithium-ion batteries *RMB'000*	Nickel batteries *RMB'000*	Online game services *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue							
External sales	231,126	382,228	60,958	94,291	85,232	–	853,835
Inter-segment sales	89,444	32,668	140	–	16,852	(139,104)	–
Total	320,570	414,896	61,098	94,291	102,084	(139,104)	853,835
Results							
Segment (loss) profit	(20,406)	(9,178)	2,901	80,739	(10,550)	–	43,506
Unallocated operating income and expenses							(7,348)
Impairment loss of amount due from associates							(14,356)
Interest income							4,164
Finance costs							(46,973)
Share of results of associates							(3,509)
Loss before tax							(24,516)

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2018 (Unaudited)

	Sealed lead acid batteries and related accessories *RMB'000*	Lithium-ion batteries *RMB'000*	Nickel batteries *RMB'000*	Online game services *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue							
External sales	215,442	1,241,459	54,892	80,609	102,906	–	1,695,308
Inter-segment sales	67,993	15,765	111	–	4,779	(88,648)	–
Total	283,435	1,257,224	55,003	80,609	107,685	(88,648)	1,695,308
Results							
Segment (loss) profit	(42,465)	49,175	1,544	69,603	(18,935)	–	58,922
Unallocated operating income and expenses							(5,341)
Gain on disposal of interest in an associate							241,990
Interest income							4,034
Finance costs							(52,739)
Share of results of associates							12,713
Profit before tax							259,579

Segment (loss) profit represents the (loss) profit from each segment without allocation of central administration costs, directors' emoluments, interest income and certain other income, finance costs, gain on disposal of interest in an associate and share of results of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interests on:		
– bank borrowings wholly repayable within five years	**44,926**	49,009
– Interest on lease liabilities/obligations under finance leases	**2,047**	3,730
	46,973	52,739

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**62,832**	46,430
Amortisation of other intangible assets	**234**	256
Amortisation of prepaid lease payments	**–**	1,669
Reversal of impairment on trade receivables	**–**	(7,201)
Interest income	**(2,843)**	(4,034)
Deferred income in respect of government grants	**(2,453)**	(3,998)
Loss on written off of property, plant and equipment	**159**	–
Gain on disposal of property, plant and equipment	**–**	(18,944)
Net exchange gain	**(720)**	(307)

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**9,346**	57,856
Deferred tax	**613**	(1,554)
	9,959	56,302

8. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the reporting periods. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2018: nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the Group's loss attributable to owners of the Company for the period of approximately RMB33,414,000 (six months ended 30 June 2018: profit of RMB204,717,000) and the weighted average number of ordinary shares of 379,403,000 (six months ended 30 June 2018: 388,184,000) in issue during the period.

Since there were no potential dilutive shares in issue during the six months ended 30 June 2019 and 2018, basic and diluted (loss) earnings per share are the same for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB90,061,000 (six months ended 30 June 2018: approximately RMB184,042,000) on additions to property, plant and equipment. Net carrying value of property, plant and equipment amounted to approximately RMB159,000 was written off during the period (six months ended 30 June 2018: nil).

During the period, net carrying value of property, plant and equipment amounted to nil (six months ended 30 June 2018: RMB18,157,000) were disposed of, with no gain on disposal of property, plant and equipment was recognised in profit or loss (six months ended 30 June 2018: RMB18,944,000).

In the opinion of the directors of the Company, the aggregate carrying amount of the Group's buildings, plant and machinery, furniture, fixtures and equipment and motor vehicles as at 30 June 2019 and 2018 that is carried at revalued amount does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current period.

11. INTERESTS IN ASSOCIATES

	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Costs of investments in unlisted associates	**36,320**	36,320
Share of post-acquisition profit and other comprehensive income, net of dividend received	**256,467**	266,540
	292,787	302,860

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Trade and bills receivables	**2,109,517**	2,292,662
Less: impairment loss recognised	**(294,036)**	(267,985)
	1,815,481	2,024,677
Other receivables	**460,662**	429,150
	2,276,143	2,453,827

12. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows credit period ranging from 90 to 270 days (2018: 90 to 270 days) to its trade customers. The Group granted a longer credit period to individual customers based on financial strength of customers to maintain the loyal customers. The following is an ageing analysis of trade and bills receivables net of impairment loss recognised on trade and bills receivables presented based on invoice date at the end of the reporting period.

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Within 90 days	**391,483**	720,187
91 days – 180 days	**324,480**	448,722
181 days – 270 days	**277,458**	318,784
271 days – 360 days	**298,552**	254,784
Over 1 year, but not exceeding 2 years	**523,508**	282,200
Trade and bills receivables	**1,815,481**	2,024,677

13. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade and bills payables presented based on the invoice received date at the end of the reporting period:

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Within 30 days	**737,683**	607,018
31 days – 60 days	**83,141**	355,962
61 days – 90 days	**102,666**	251,203
91 days – 180 days	**415,234**	317,602
Over 180 days	**424,507**	341,620
Trade and bills payables	**1,763,231**	1,873,405
Other payables	**559,529**	508,403
	2,322,760	2,381,808

14. BANK BORROWINGS

During the period, the Group obtained new bank borrowings of approximately RMB666,100,000 (six months ended 30 June 2018: approximately RMB532,190,000) and repaid bank borrowings of approximately RMB571,954,000 (six months ended 30 June 2018: approximately RMB889,703,000).

Bank borrowings carry interest at variable market rates ranging from 4.35% to 5.96% per annum (31 December 2018: 4.44% to 6.09% per annum) and have maturity periods ranging from one month to four years (31 December 2018: one month to four years).

Approximately RMB240,000,000 (31 December 2018: approximately RMB250,000,000) of the Group's bank borrowings are secured by land use rights, property, plant and equipment and trade receivables and guaranteed by the executive director, Mr. Song Dian Quan. The proceeds were used to finance the operation of the Group.

15. SHARE CAPITAL

	Number of shares	**Amount in original currency**	**Shown in the financial statements as**
	'000	*HK$'000*	*RMB'000*
Ordinary shares of HK$0.10 each			
Authorised:			
At 31 December 2018 and 30 June 2019	1,000,000	100,000	107,000
Issued and fully paid:			
At 31 December 2018	379,584	37,958	40,254
Share repurchased	(1,810)	(181)	(160)
At 30 June 2019	377,774	37,777	40,094

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

Upon adoption of HKFRS 16, on 1 January 2019, the Group recognised right-of-use assets approximately of RMB197,789,000 in respect of the leased properties. As at 30 June 2019, the carrying amounts of right-of-use assets were approximately of RMB185,825,000 in respect of the leased properties.

(ii) Lease liabilities

Upon adoption of HKFRS 16, on 1 January 2019, the Group recognised lease liabilities approximately of RMB95,534,000. As at 30 June 2019, the carrying amount of lease liabilities was approximately of RMB52,507,000.

17. CAPITAL COMMITMENTS

	At 30 June 2019 *RMB'000* **(Unaudited)**	At 31 December 2018 *RMB'000* (Audited)
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment	**523**	5,480
Acquisition of additional equity interest in a subsidiary	**69,230**	69,230
	69,753	74,710

18. CONTINGENT LIABILITIES

The Group has issued guarantees in respect of banking facilities granted to an independent third party and an associate of approximately RMB185,000,000 (31 December 2018: approximately RMB154,000,000) without charge.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the period ended 30 June 2019 (the "Period"), turnover of the Group's continuing operation amounted to approximately RMB853,835,000 (2018: RMB1,695,308,000), representing a decrease of 50% over the corresponding period last year. The loss attributable to owners of the Company for the Period was RMB33,414,000 (2018: Profits, RMB204,717,000). This was mainly due to the disposal of stakes in one of our associates, Zhuhai Coslight Battery Company Limited which resulted in a gain of RMB241,990,000 in the same period of 2018. Loss per share for the Period was RMB8.81 cents (2018: Earnings, RMB52.74 cents).

DIVIDEND

The Board does not recommend the payment of an interim dividend to the shareholders for the Period (2018: nil).

BUSINESS REVIEW

Storage Lithium Battery and Lithium Power Battery

During the Period, the main customers of our storage lithium battery for communication were the telecom operators in India, Vietnam, South Africa and South Korea. During the Period, a total of approximately 55,000 sets of battery packs for base stations were delivered. This was a decrease of approximately 45% compared to approximately 100,000 units in the same period last year. This was mainly due to the supply of telecom operators in India last year was concentrated in the first half of the year. This year, they delayed some orders from the Period to the second half of the year. On the other hand, the PRC government 2019 new energy vehicles subsidies policy adjustments gave the electric vehicles industrial a significant impact. Due to the decline in subsidies and weak demand for products, coupled with fierce market competition, product prices were under pressure and gross profit margins fell sharply.

Online Games

During the Period, “問道” revenue increased slightly compared with the same period of 2018. In the first half of the year, we updated the new paid game “浮生錄”, which is popular with players. In order to attract more players, based on the three special services of fixed digital service, anniversary service and PK service, we have used the high-end player PK competition this year to create a new star costume of “星耀中洲”, attracting a large number of celebrity players and their followers.

On the mobile side, we have started the construction of the mobile official website. At the same time, we further optimized the functions of the Guangyu APP, added related functions such as binding on the mobile phone, and re-planned the Guangyu APP finishing function and interface, further increasing users experience and enhance players’ adherence.

In addition, due to the policy adjustment of the government regulatory authorities, the suspension of the game version number, the Company’s own research and development products “創世三” and several mobile games, H5 game promotion plan has been affected to a certain extent. As the release of the game version is gradually restored, the promotion and operation of new products will gradually return to normal.

The online game business contributed a segment profit of RMB80,739,000 (2018: RMB69,603,000) to the Group, representing an increase of 16% over the corresponding period last year.

FINANCIAL REVIEW

Assets and liabilities

As at 30 June 2019, the Group had total assets of RMB7,255,579,000 (31.12.2018: RMB7,178,243,000) which were financed by current liabilities of RMB4,553,789,000 (31.12.2018: RMB4,462,987,000), non-current liabilities of RMB248,052,000 (31.12.2018: RMB229,996,000), equity attributable to owners of the Company of RMB2,252,016,000 (31.12.2018: RMB2,283,058,000) and non-controlling interests of RMB201,722,000 (31.12.2018: RMB202,202,000).

Liquidity, financial resources and capital structure

During the Period, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 30 June 2019, the Group had bank and cash balances amounted to RMB154,817,000 (31.12.2018: RMB129,023,000). The current bank borrowings of the Group as at 30 June 2019 were approximately RMB1,176,923,000 (31.12.2018: RMB1,082,777,000). These borrowings carry interest ranging from 4.35% to 5.96% (31.12.2018: from 2.92% to 6.09%) per annum. All bank and other borrowings were used to finance the Group's capital expenditures and working capital requirements.

Gearing and liquidity ratio

The Group's gearing ratio, defined as the ratio between sum of bank borrowing and obligations under finance leases or lease liabilities and shareholders' equity, was 50% (31.12.2018: 45%). The current ratio of the Group, represented by a ratio between current assets over current liabilities, was 100% (31.12.2018: 101%).

Charges on group assets

As at 30 June 2019, property, plant and equipment and trade receivables of the Group with carrying values of RMB540,732,000 (31.12.2018: RMB779,612,000) and RMBNil (31.12.2018: RMB34,256,000) respectively, were pledged to secure bank borrowings of approximately RMB623,144,000 (31.12.2018: RMB697,146,000). In addition, pledged bank deposits were used to secure trade and loan financing facilities granted to the Group.

Foreign currency risk

The Group did not have any significant exposure to foreign currency risk as most of the Group's operations are in the PRC and transactions are denominated in Renminbi.

PROSPECTS

Driven by the marketization of the PRC's new energy policy, the industry has gradually separated from the impact of subsidies. We expect the price of new energy electric vehicles to bottom out in the second half of 2019, and demand will resume growth. According to our orders on hand and current market conditions, our power battery delivery and sales revenue in the second half of the year will be expected to increase compared with the first half.

In the second half of 2019, we will launch a new expansion pack, new feature suits and different featured servers to meet the needs of different players. At the same time, we will also carry out a comprehensive revision of our Guangyu APP to create a small Guangyu community. In addition, the company's PC base end-game "創世三" also entered the operational preparation stage. It will be launched at the end of 2019.

OTHER INFORMATION

Employees and remuneration policies

As of 30 June 2019, the number of Group's employee in PRC reduces to 5,996 (2018: 6,969) due to an automated production process and reduced production volume. The Group has adopted continuous human resources development and training programmes to maintain high level of product quality and customer services. Remuneration package is generally structured by reference to market conditions and individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the Period, the Company repurchased an aggregate of 1,810,000 shares of its own issued ordinary shares, none of which have been cancelled during the period, through the Hong Kong Stock Exchange at an aggregate consideration of approximately HKD2.96 million excluding transaction costs. Save for the aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Review Period.

Details of the shares repurchases are as follows:

Date	**number of shares repurchase**	**Highest price per share**	**lowest price per share**	**Aggregate Consideration**
		HKD	*HKD*	*HKD*
11 June 2019	610,000	1.64	1.60	993,200
12 June 2019	600,000	1.64	1.63	981,000
13 June 2019	600,000	1.64	1.64	984,000

CORPORATE GOVERNANCE CODE

Throughout the reporting period, the Company has applied and complied with the code provisions in the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules except for the deviation from Code provision A.4.1 in respect of the service term of directors of the Company.

Code provision A.4.1 stipulates that non-executive directors of the Company should be appointed for a specific term and subject to re-election. None of the existing independent non-executive directors of the Company is appointed for specific term and this constitutes a deviation from Code provision A.4.1. However, in accordance with the bye-laws of the Company, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiply of three, the number nearest to but not less than one-third) shall retire from office by rotation such that each director of the Company (including those appointed for a specific term) will be subject to retirement by rotation at least every three years at the annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance code are similar to those in the Code.

SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, the Company was not aware of any non-compliance with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Li Zeng Lin, Dr. Gao Yun Zhi and Ms. Zhu Yan Ling with Mr. Li Zeng Lin as the chairman. The primary duties of the Audit Committee are to review and monitor the Group's financial reporting process and internal control system, as well as to provide relevant recommendations and advices to the Board. The unaudited interim results of the Group for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

PUBLICATION OF THE DETAILED INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The result announcement is published on the website of Hong Kong Exchange and Clearing Limited (www.hkex.com.hk) and the Company's website (www.irasia.com/listco/hk/coslight/). The 2019 interim report of the Company containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Song Dian Quan, Ms. Luo Ming Hua, Mr. Li Ke Xue, Mr. Xing Kai, Mr. Zhang Li Ming and Mr. Liu Xing Quan; and the independent non-executive directors are Mr. Li Zeng Lin, Dr. Gao Yun Zhi and Ms. Zhu Yan Ling.

By Order of the Board
SONG Dian Quan
Chairman

Harbin, the PRC, 30 August 2019