

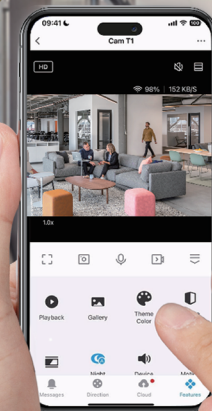


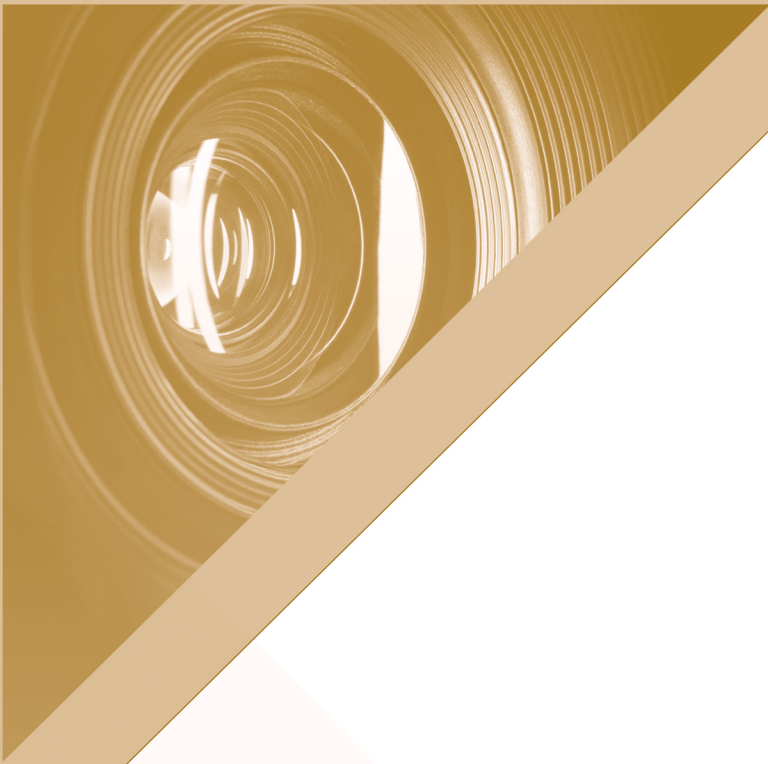
INTERIM REPORT 2024

天彩控股有限公司
Sky Light Holdings Limited

Stock Code **3882**

Incorporated in the Cayman Islands with limited liability





Sky Light Holdings Limited

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2024
INTERIM REPORT

Financial Highlights

	Six months ended 30 June		CHANGE
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	
REVENUE	139,111	142,940	(2.7%)
COST OF SALES	(109,745)	(123,140)	(10.9%)
GROSS PROFIT	29,366	19,800	48.3%
GROSS PROFIT MARGIN (%)	21.1%	13.9%	7.2p.p.t
LOSS FOR THE PERIOD	(39,602)	(49,567)	(20.1%)
Attributable to:			
OWNERS OF THE COMPANY	(24,635)	(39,030)	(36.9%)
NON-CONTROLLING INTERESTS ("NCI")	(14,967)	(10,537)	42.0%
	(39,602)	(49,567)	(20.1%)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY BASIC AND DILUTED	HK(2.4) cent	HK(4.0) cent	(40.0%)

Corporate Information

Board (the “Board”) of Directors of the Company (the “Director(s)”)

Executive Directors

Mr. Tang Wing Fong Terry (*Chairman*)
Mr. Shan Chuanlong

Independent Non-executive Directors

Mr. Wong Wai Ming
Ms. Lo Wan Man
Mr. Lau Wai Leung Alfred

Committees of the Board

Audit Committee (the “Audit Committee”)

Ms. Lo Wan Man (*Chairlady*)
Mr. Wong Wai Ming
Mr. Lau Wai Leung Alfred

Remuneration Committee (the “Remuneration Committee”)

Ms. Lo Wan Man (*Chairlady*)
Mr. Tang Wing Fong Terry
Mr. Lau Wai Leung Alfred

Nomination Committee (the “Nomination Committee”)

Mr. Tang Wing Fong Terry (*Chairman*)
Ms. Lo Wan Man
Mr. Lau Wai Leung Alfred

Authorized Representatives

Mr. Tang Wing Fong Terry
Mr. Chu Pui Ki Dickson

Company Secretary

Mr. Chu Pui Ki Dickson

Registered Office

Third Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103
Cayman Islands

Head Office, Headquarters and Principal Place of Business in the People’s Republic of China (“China” or “Mainland China” or the “PRC”)

Building No. 8 & 1-2/FL Building No. 9
Antuoshan High-tech Industrial Park
Xinsha Road, Shajing, Bao’An
Shenzhen
PRC

Principal Place of Business in Hong Kong

Room 1910, 19/F, Kwong Sang Hong Centre
151–153 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

Auditor

D & Partners CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
2201, 22/F, West Exchange Tower
322 Des Voeux Road Central
Sheung Wan
Hong Kong

Hong Kong Legal Adviser

Mayer Brown
16th–19th Floors, Prince’s Building
10 Charter Road
Central
Hong Kong

Corporate Information

Cayman Islands Principal Registrar and Transfer Office

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bankers

Hongkong and Shanghai Banking Corporation Limited
Level 10, HSBC Main Building
1 Queen's Road Central
Hong Kong

Stock Code

3882

Company Website Address

www.sky-light.com.hk

Management Discussion and Analysis

Business review

Sky Light Holdings Limited (the “Company”), together with its subsidiaries (together, the “Group”), is principally engaged in manufacturing and sale of camera products and related accessories, and operating of artificial intelligence (“AI”) vending machines.

1. *Camera products and related accessories business:*

For the six months ended 30 June 2024 (the “2024 Interim”), the Group’s camera products and related accessories business recorded a revenue of approximately HK\$136.1 million, representing a decrease of about 2.0% as compared to approximately HK\$138.9 million in the corresponding period in 2023 (the “2023 Interim”).

Although we improved the efficiency and reduced the cost in all aspects, the global demand for consumer electronics products remained weak. Camera business was recorded a loss of around HK\$21.6 million compared to loss of HK\$35.7 million in the same period of 2023.

Due to the weak worldwide economics, most of our customers were very conservative on launching new products. The Group has initiated several new projects in 2023, but the progress and the result of the projects was below our expectation.

2. *Retailing business through operation of AI vending machines*

For the 2024 Interim, the Group recorded a revenue of approximately HK\$3.0 million from retailing business through operation of AI vending machines and recorded a loss of approximately HK\$17.5 million. The performance of the retailing business was disappointed due to the following reasons:

1. The domestic consumer market of the PRC remained weak;
2. Severe competition from online and on-demand delivery services; and
3. The sluggish real estate market in China also challenged for Wuhan Show Life Convenience Store Co., Ltd* (武漢秀生活便利店有限公司) (“Wuhan Show Life”), a non-wholly owned company of the Company, in expanding its vending machines network coverage in residential areas.

Management Discussion and Analysis

Prospects

1. Camera products and related accessories business:

In the first half of 2024, the Group developed some ODM products to promote to customers. The Group expected the new products will contribute to its revenue from the fourth quarter of 2024.

In the second half of 2024, the Group will continue working hard to improve its efficiency and lower its cost in all aspects.

To improve its financial performance, the Group will strive to increase market share and provide customers with high-quality products and solutions through the following strategies:

- Continue to develop innovative products driven by the market and actively expand the product category;
- Deepen all aspects of the Group's core product lines and strengthen the competitive advantages in the product categories;
- Strengthen the sales force; and
- Optimize the Group's operations and provide efficient service to customers.

2. Retailing business through operation of AI vending machines

As Wuhan Show Life has continued to incur loss since the Group acquired its business in November 2022 and the signs of recovery of the domestic consumer market in China are uncertain in short to medium term, the management of the Company expects that Wuhan Show Life will have difficulty in generating a profit or even achieving a break even in the near future, the Company thus considers that the continuance of the retailing business through AI vending machines via Wuhan Show Life will hinder the development and resource allocation of the Group. The Board has decided to cease the retailing business through AI vending machines of the Group by way of disposal on 31 July 2024. For details of the disposal, please refer to the paragraph headed "Events after the reporting period" in this section and notes 19 and 29 to the condensed consolidated financial statements contained in this report.

Management Discussion and Analysis

Financial review

Turnover

The Group's camera products and related accessories products mainly consist of the following three categories: (i) home surveillance cameras, (ii) digital imaging products, and (iii) other products (including but not limited to, accessories for camera and tooling fees) ("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. The Group is also engaged in retailing business through operation of AI vending machines for selling food and beverage. The following table sets out the breakdown of the revenue for the periods indicated:

	Six months ended 30 June				
	2024 HK\$'000	% of total revenue	2023 HK\$'000	% of total revenue	Revenue change
Manufacturing business					
Sales of Products					
Home surveillance cameras	69,889	50.2%	78,558	55.0%	(11.0%)
Digital imaging products	48,120	34.6%	31,112	21.8%	54.7%
Other Products	17,519	12.6%	28,725	20.0%	(39.0%)
	135,528	97.4%	138,395	96.8%	(2.1%)
Manufacturing service income	547	0.4%	468	0.3%	16.9%
SUB-TOTAL	136,075	97.8%	138,863	97.1%	(2.0%)
Retailing business through operation of AI vending machines					
Retailing income	3,036	2.2%	4,077	2.9%	(25.5%)
TOTAL	139,111	100.0%	142,940	100.0%	(2.7%)

For the 2024 Interim, the Group recorded a turnover of approximately HK\$139.1 million (2023 Interim: approximately HK\$142.9 million), representing a slightly decrease of approximately 2.7% as compared to the 2023 Interim. This decrease was mainly attributable to the significantly decrease in the shipment units of Other Products.

Management Discussion and Analysis

The Group sells its camera products and related accessories products mainly to customers in the United States of America (“US”) and the European Union and food and beverage to customers in Mainland China. It is expected that the US and the European Union markets will continue to contribute the 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
European Union	62,066	73,134
US	38,729	32,618
Mainland China	26,676	25,790
Other countries and areas	11,640	11,398
Total	139,111	142,940

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, mainly including depreciation of production equipment and indirect labour or purchasing costs.

For the 2024 Interim, cost of sales of the Group amounted to approximately HK\$109.7 million (2023 Interim: approximately HK\$123.1 million), representing a decrease of approximately 10.9% as compared to the 2023 Interim, and amounted to approximately 78.9% (2023 Interim: approximately 86.1%) of its turnover for the 2024 Interim. Cost of sales decrease was mainly due to the decrease in the sales of the shipment units.

Gross profit and gross profit margin

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	139,111	142,940
Cost of sales	(109,745)	(123,140)
Gross profit	29,366	19,800
Gross profit margin	21.1%	13.9%

Management Discussion and Analysis

The Group recorded a gross profit of approximately HK\$29.4 million for the 2024 Interim (2023 Interim: approximately HK\$19.8 million), representing an increase of approximately 48.3% as compared to the 2023 Interim. The gross profit margin increased from approximately 13.9% for the 2023 Interim to approximately 21.1% for the 2024 Interim. This increase was mainly due to the decrease of costs caused by reversal and allowance for inventories, net (included in cost of inventories sold), resulting in an increase in gross profit.

Other income and other gains

Other income and gains mainly include (i) bank interest income; (ii) exchange gains arising mainly from fluctuations in exchange rate between the invoice and settlement dates of its sales and purchases and from translation of its US\$-denominated trade payables and receivables; (iii) government grants, which mainly consist of rewards and subsidies for research activities granted by the local government with no unfulfilled conditions or contingencies; and (iv) gains on the disposal of property, plant and equipment.

For the 2024 Interim, other income and other gains of the Group significantly decreased to approximately HK\$6.1 million as compared to 2023 Interim of approximately HK\$8.4 million, which was primarily attributable to the decrease of approximately HK\$3.8 million on exchange net gains arising mainly from fluctuations in exchange rate between the invoice and settlement dates of its sales and purchases and from translation of its US\$-denominated trade payables and receivables.

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 the 2024 Interim, selling and distribution expenses of the Group significantly decreased by approximately 23.3% to approximately HK\$15.6 million from approximately HK\$20.3 million for 2023 Interim. The decrease was mainly due to the Group's stringent cost control during 2024 Interim.

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; and (iv) entertainment expenses.

For the 2024 Interim, administrative expenses of the Group significantly decreased by approximately 18.8% to approximately HK\$27.6 million from approximately HK\$33.9 million for the 2023 Interim. The decrease was mainly due to the Group's stringent cost control during 2024 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 the 2024 Interim, the Group recorded research and development costs of approximately HK\$16.4 million, which decreased by approximately 17.4% from approximately HK\$19.9 million for the 2023 Interim. The decrease was mainly due to the decrease of approximately HK\$2.8 million salaries and benefits of the Group's research and development staff and the Group's stringent cost control during 2024 Interim.

Management Discussion and Analysis

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 the 2024 Interim, other expenses of the Group significantly increased to approximately HK\$12.9 million from approximately HK\$2.7 million for the 2023 Interim. The increase mainly consisted of increase of approximately HK\$7.3 million impairment losses of property, plant, equipment and right-of-use assets during 2024 Interim.

Finance costs

For the 2024 Interim, the finance costs of the Group increased to approximately HK\$1.8 million, which significantly increased by approximately 117.7% from approximately HK\$0.8 million for the 2023 Interim. The increase was mainly due to the increase of approximately HK\$0.9 million interest on bank and other borrowings.

Net loss

As a result of the foregoing, the Group recorded a loss of approximately HK\$39.6 million for the 2024 Interim (attributable to non-controlling interests was a loss of approximately HK\$15.0 million).

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 and proceeds from issue of shares as its principal sources of funding. The following table sets out its selected consolidated cash flow for the periods indicated:

	Six months ended 30 June	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Net cash flows generated from/(used in) operating activities	8,476	(60,497)
Net cash flows used in investing activities	(1,188)	(16,323)
Net cash flows (used in)/generated from financing activities	(10,191)	71,427
Net decrease in cash and cash equivalents	(2,903)	(5,393)
Effect of foreign exchange rate changes	(4,697)	(8,764)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	35,352	81,447
Cash and cash equivalents at 30 June	27,752	67,290

Net cash generated from operating activities for the 2024 Interim was approximately HK\$8.5 million, which primarily reflected (i) the loss before tax of approximately HK\$39.6 million; (ii) the decrease in inventories of approximately HK\$25.6 million; (iii) the decrease in trade receivables of approximately HK\$4.4 million; and (iv) the decrease in prepayments and other receivables of approximately HK\$3.8 million.

Management Discussion and Analysis

Net cash used in investing activities for the 2024 Interim was approximately HK\$1.2 million. This mainly consisted of purchases of property, plant and equipment approximately HK\$3.5 million.

Net cash used in the financing activities for the 2024 Interim was approximately HK\$10.2 million, which was mainly reflected principal elements of lease payments approximately HK\$10.2 million.

The Group's cash and cash equivalents were mainly denominated in US dollar ("US\$"), Hong Kong dollar ("HK\$"), Vietnamese Dong ("VN\$") and Renminbi ("RMB") as at 30 June 2024.

Borrowings and the pledge of assets

The Group's banking facilities amounting to approximately HK\$47.9 million as at 30 June 2024 (At 31 December 2023: approximately HK\$47.9 million), of which approximately HK\$13.3 million (At 31 December 2023: approximately HK\$11.4 million) had been utilised as at the end of the 2024 Interim.

The bank loans were secured by the pledge of the Group's life insurance policy, bank deposits, personal guarantee executed by a controlling shareholder of the Company and corporate guarantees executed by two subsidiaries of the Group, respectively. The factoring loan of approximately HK\$6.6 million (At 31 December 2023: Nil) was secured by the pledge of the Group's factoring receivables.

The Group's borrowings are all denominated in US\$ and RMB, the secured bank and factoring loans carry effective interest rates ranging from 6.6% to 6.8% (At 31 December 2023: 6.7% to 6.9%) per annum. All borrowings are repayable within one year.

Gearing ratio

Gearing ratio is calculated by dividing total debt (which equals interest-bearing bank borrowings and lease liabilities) by total equity as at the end of each period. The Group's gearing ratio as at 31 December 2023 and 30 June 2024 was approximately 80.1% and approximately 60.5%, respectively. The increase in gearing ratio was primarily due to significantly loss during 2024 Interim.

Capital expenditure

During the 2024 Interim, the Group invested approximately HK\$3.5 million (2023 Interim: approximately HK\$34.8 million) in fixed assets and intangible assets.

Off balance sheet transactions

During the 2024 Interim, the Group did not enter into any material off balance sheet transactions.

Management Discussion and Analysis

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 76.8% and 76.6% of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sales, whilst approximately 26.3% and 31.7% of inventory costs were denominated in their functional currencies for the 2023 Interim and the 2024 Interim, respectively.

During the 2024 Interim, there was no material impact to the Group arising from the fluctuation in the exchange rates of these currencies. The Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its foreign exchange exposure during the 2024 Interim (2023 Interim: Nil). In addition, the Group did not have any foreign currency net investments which have been hedged by currency borrowing and other hedging investments.

Events after the reporting period

On 31 July 2024, the Company and Mr. Wu Wenlin (the "Purchaser") entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which, the Purchaser had conditionally agreed to acquire and the Company had conditionally agreed to sell the entire issued share capital of Hugo Investment Limited, at a consideration of HK\$0.5 million. Hugo Investment Limited and its subsidiaries has been conducting a retailing business through operation of AI vending machines in China via Wuhan Show Life. Completion took place immediately after the execution of the Sale and Purchase Agreement. Following completion, Hugo Investment Limited and its subsidiaries ceased to be subsidiaries of the Company and the Group ceased to operate the retailing business through operation of AI vending machines.

For further details, please refer to the announcement of the Company dated 31 July 2024 and notes 19 and 29 to the condensed consolidated financial statements contained in this report.

Save as disclosed above, there were no significant events affecting the Group which occurred after the reporting period of the 2024 Interim and up to the date of this report.

Treasury policies

During the 2024 Interim, the Group did not have any investment under its 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.

Management Discussion and Analysis

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 of Hong Kong Limited (“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.

Employees and emoluments policy

As at 30 June 2024, the Group employed a total of 795 employees (31 December 2023: 848). The staff costs of the Group, excluding directors’ emoluments and any contributions to pension scheme, were approximately HK\$35.3 million for the 2024 Interim (2023 Interim: approximately HK\$44.4 million), none (2023 Interim: none) of which are the expenses for the Company’s share option schemes. 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 Company has adopted a pre-IPO share option scheme and a share option scheme, under which grantees are entitled to exercise the options to subscribe for shares of the Company subject to the terms and conditions of the respective schemes.

Significant investments held

There was no investment held by the Group with a value of 5% or more of the Company’s total assets during the 2024 Interim.

Management Discussion and Analysis

Future plans for material investments or capital assets

As at the date of this report, the Group did not have any plans for material investments or capital assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the 2024 Interim.

Contingent liabilities

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

Dividend

The Board does not recommend the payment of interim dividend for the 2024 Interim (2023 Interim: Nil).

Financial position as at 30 June 2024

As at 30 June 2024, the Group's total equity was approximately HK\$41.4 million (31 December 2023: approximately HK\$85.1 million), total assets amounted to approximately HK\$258.4 million (31 December 2023: approximately HK\$317.9 million) and total liabilities stood at approximately HK\$217.0 million (31 December 2023: approximately HK\$232.8 million).

Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the shares of the Company ("Shares"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/Nature of interest	Personal Interest in Shares	Corporate interests	Total	Approximate percentage of total issued Shares ⁽⁴⁾
Tang Wing Fong Terry ("Mr. Tang")	Interest in a controlled corporation	-	417,717,600 (L) ⁽²⁾	518,203,557 (L)	51.38%
	Interest in a controlled corporation	-	30,146,000 (L) ⁽³⁾		
	Beneficial owner	70,339,957 (L)	-		

Notes:

- (1) The letter "L" denotes the Directors' long position in the Shares.
- (2) The disclosed interest represents the interest in 417,717,600 Shares beneficially held by Fortune Six Investment Limited, which is wholly-owned by Mr. Tang and he was deemed to be interested in the 417,717,600 Shares by virtue of Part XV of the SFO.
- (3) The disclosed interest represents the interest in 30,146,000 Shares beneficially held by Happy Bull Investment Limited, which is wholly-owned by Mr. Tang and he was deemed to be interested in the 30,146,000 Shares by virtue of Part XV of the SFO.
- (4) Based on a total of 1,008,587,455 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

Substantial Shareholders' and Others' Interests and Short Positions in Shares and Underlying Shares

To the best knowledge of the Directors, as at 30 June 2024, the following persons (other than the Directors or chief executive of the Company), were directly or indirectly, interested in 5% or more of the Shares or short positions in the Shares and the underlying Shares of the Company, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of total issued Shares ⁽³⁾
Fortune Six Investment Limited	Beneficial owner	417,717,600 (L) ⁽²⁾	41.42%

Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) These Shares were beneficially held by Fortune Six Investment Limited, which was wholly-owned by Mr. Tang, an executive Director. Mr. Tang was deemed to be interested in the 417,717,600 Shares by virtue of Part XV of the SFO. In addition, Mr. Tang is a director of Fortune Six Investment Limited.
- (3) Based on a total of 1,008,587,455 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had an interest or a short positions in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

Save as disclosed above, as at 30 June 2024, none of the Director is a director or employee of a company which had an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Contracts of Significance

Save as disclosed in the note 28 to the condensed consolidated financial statements contained in this report, the Group has not entered into any transaction, arrangement or contract of significance in relation to the business of the Group, in which a Director or an entity connected with the Director had a material interest, either directly or indirectly, and to which the Company, its holding company or subsidiaries or any of its controlling shareholders (as defined in the Listing Rules) or any of its subsidiaries was a party subsisted as at 30 June 2024 or at any time during the 2024 Interim.

There was no transaction, arrangement or contract of significance for the provision of services to the Group by a controlling shareholders (as defined in the Listing Rules) or any of its subsidiaries had been entered into by the Group during the 2024 Interim or subsisted as at 30 June 2024.

Other Information

Directors' Interest in Competing Business

During the 2024 Interim, none of the Directors nor his/her close associates (as defined under the Listing Rules) has any interest in a business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the Group's business.

Directors' Rights to Acquire Shares or Debenture

Save as disclosed under the section headed "Share Option Scheme" below, neither at the end of the 2024 Interim nor at any time during the 2024 Interim did there subsist any arrangements which enable the directors of the Group to acquire benefits by means of acquisition of shares in, or debentures of the Group or any other body corporate.

Purchase, Sale or Redemption of Listed Securities

The Company is empowered by the applicable Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised from time to time) 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 and the applicable laws of the Cayman Islands. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the 2024 Interim.

As at 30 June 2024, there were no treasury shares held by the Company.

Issue of Equity Securities or Sale of Treasury Shares

Neither the Company nor any of its subsidiaries issued any equity securities (including securities convertible into equity securities) nor sold any treasury shares for cash (other than under the Share Option Scheme) during the 2024 Interim.

Other Information

Share Option Scheme

A share option scheme (the “Share Option Scheme”) was conditionally adopted by the shareholders of the Company (the “Shareholders”) on 12 June 2015, which became effective on 2 July 2015 (the “Listing Date”). The key terms of the scheme are set out below:

(1) The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have made or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

“Eligible Participants” refers to:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (a) contribution to the development and performance of the Group;
 - (b) quality of work performed for the Group;
 - (c) initiative and commitment in performing his/her duties; and
 - (d) length of service or contribution to the Group.

(2) The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 80,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

Other Information

- (3) The maximum entitlement of each Eligible Participant in any 12-month period up to the date of offer to grant shall not exceed 1% of the Shares in issue as at the date of offer to grant.

Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) that would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other schemes of the Company in the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the official closing price of the Shares on the date of grant, in excess of HK\$5,000,000, such grant of options is subject to the approval of the independent non-executive Directors and the Shareholders in general meeting, with voting to be taken by way of poll.

- (4) An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.
- (5) An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.
- (6) Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period ending 12 June 2025. As at the date of this report, the remaining life of the Share Option Scheme was approximately 10 months.
- (7) The exercise price is determined by the directors of the Company at their discretion and will not be lower than the higher of: (a) the closing price of the ordinary Shares on the Stock Exchange at the offer date, which must be a trading day; (b) the average closing price of the ordinary Shares on the Stock Exchange for the five business days immediately preceding the offer date; (c) the nominal value of the Share.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 74,095,000 Shares, representing approximately 7.3% of the total number of Shares in issue.

Other Information

A summary of the movements of the share options granted by the Company pursuant to the Share Option Scheme during the 2024 Interim are as follows:

Grantee name/category	Date of grant	Exercise period and Vesting period	Exercise price per Share (HK\$)	Closing price of Shares immediately before the date on which the Share Options were granted (HK\$)	Outstanding at 1 January 2024	Granted during the 2024 Interim	Exercised during the 2024 Interim	Lapsed during the 2024 Interim	Cancelled during the 2024 Interim	Outstanding as at 30 June 2024
Former Director										
Lu Yongbin	18.05.2017	Note 3	2.206	2.18	140,000	-	-	70,000	-	70,000
	26.04.2018	Note 4	0.94	0.90	252,000	-	-	84,000	-	168,000
Employees										
	15.09.2016	Note 1	1.70	1.56	1,852,000	-	-	28,000	-	1,824,000
	18.05.2017	Note 3	2.206	2.18	3,470,000	-	-	1,819,000	-	1,651,000
Other eligible participants:										
Supplier of the Group	01.12.2016	Note 2	1.986	2.04	1,334,000	-	-	-	-	1,334,000
Total:					7,048,000	-	-	2,001,000	-	5,047,000

Notes:

- (1) On 15 September 2016, share options to subscribe for a total of 12,942,000 Shares were granted to certain eligible participants pursuant to the Share Option Scheme based on the terms set out in the Company's announcement dated 15 September 2016. One-third of these share options became vested on 15 September 2017 and were exercisable at any time during the period commenced on 15 September 2017 and ended on 14 September 2022 (both dates inclusive), a further one-third became vested on 15 September 2018 and were exercisable at any time during the period commenced on 15 September 2018 and ended on 14 September 2023 (both dates inclusive), and the remaining one-third became vested on 15 September 2019 and shall be exercisable at any time during the period commenced on 15 September 2019 and ending on 14 September 2024 (both dates inclusive).
- (2) On 1 December 2016, share options to subscribe for a total of 9,900,000 Shares were granted to certain employees of the Group as "Employee Options" and share options to subscribe for 10,000,000 Shares were granted to certain parties who contribute or have contributed to the Group, including an agent developing the Group's sales channels and members of a supplier of the Group.
 - (a) For the share options granted to the employees who are not senior management, one-third of these share options became vested on 1 December 2017 and were exercisable at any time during the period commenced on 1 December 2017 and ended on 30 November 2022 (both dates inclusive), a further one-third became vested on 1 December 2018 and were exercisable at any time during the period commenced on 1 December 2018 and ended on 30 November 2023 (both dates inclusive), and the remaining one-third became vested on 1 December 2019 and shall be exercisable at any time during the period commenced on 1 December 2019 and ending on 30 November 2024 (both dates inclusive);

Other Information

- (b) For the share options granted to persons who are senior management, (i) conditional upon the achievement of certain performance targets by the Group, up to one-third of these share options became vested on 31 January 2018 and were exercisable at any time during the period commenced on 31 January 2018 and ended on 30 January 2023 (both dates inclusive); (ii) conditional upon the achievement of certain performance targets by the Group, up to one-third of these share options became vested on 31 January 2019 and were exercisable at any time during the period commenced on 31 January 2019 and ended on 30 January 2024 (both dates inclusive); and (iii) conditional upon the achievement of certain performance targets by the Group, up to one-third of these share options shall become vested on 31 January 2020 and shall be exercisable at any time during the period commenced on 31 January 2020 and ending on 30 January 2025 (both dates inclusive);
 - (c) For the share options granted to members of a supplier of the Group, one-third of these share options became vested on 1 December 2017 and were exercisable at any time during the period commenced on 1 December 2017 and ended on 30 November 2022 (both dates inclusive), a further one-third became vested on 1 December 2018 and were exercisable at any time during the period commenced on 1 December 2018 and ended on 30 November 2023 (both dates inclusive), and the remaining one-third became vested on 1 December 2019 and shall be exercisable at any time during the period commenced on 1 December 2019 and ending on 30 November 2024 (both dates inclusive); and
 - (d) For the share options granted to an agent developing the Group's sales channels, (i) conditional upon the achievement of certain performance targets by the Group, up to one-third of these share options became vested on 31 January 2018 and were exercisable at any time during the period commenced on 31 January 2018 and ended on 30 January 2023 (both dates inclusive); (ii) conditional upon the achievement of certain performance targets by the Group, up to one-third of these share options became vested on 31 January 2019 and were exercisable at any time during the period commenced on 31 January 2019 and ended on 30 January 2024 (both dates inclusive); (iii) conditional upon the achievement of certain performance targets by the Group, up to one-third of these share options became vested on 31 January 2020 and shall be exercisable at any time during the period commenced on 31 January 2020 and ending on 30 January 2025 (both dates inclusive).
- (3) On 18 May 2017, share options to subscribe for 15,000,000 Shares were granted to certain eligible participants pursuant to the Share Option Scheme based on the terms set out in the Company's announcement dated 18 May 2017. One-third of these share options became vested on 18 May 2018 and were exercisable at any time during the period commenced on 18 May 2018 and ended on 17 May 2023 (both dates inclusive), a further one-third became vested on 18 May 2019 and were exercisable at any time during the period commenced on 18 May 2019 and ended on 17 May 2024 (both dates inclusive), and the remaining one-third became vested on 18 May 2020 and shall be exercisable at any time during the period commenced on the 18 May 2020 and ending on 17 May 2025 (both dates inclusive).
 - (4) On 26 April 2018, share options to subscribe for a total of 12,522,000 Shares were granted to certain eligible participants of the Group pursuant to the Share Option Scheme based on the terms set out in the Company's announcement dated 26 April 2018. One-third of these share options became vested on 26 April 2019 and were exercisable at any time during the period commenced on 26 April 2019 and ended on 25 April 2024 (both dates inclusive), a further one-third became vested on 26 April 2020 and shall be exercisable at any time during the period commenced on 26 April 2020 and ending on 25 April 2025 (both dates inclusive), and the remaining one-third became vested on 26 April 2021 and shall be exercisable at any time during the period commenced on 26 April 2021 and ending on 25 April 2026 (both dates inclusive).
 - (5) No participant was granted with share options in excess of the individual limit as set out in the Share Option Scheme.
 - (6) During the 2024 Interim, no share options were granted by the Company pursuant to the Share Option Schemes. Given that no Share Option has been granted during the 2024 Interim, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the 2024 Interim divided by the weighted average number of Shares of the relevant class in issue (excluding treasury shares) for the 2024 Interim.
 - (7) The total number of options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 were 72,094,000 Shares and 74,095,000 Shares, respectively, representing approximately 7.1% and 7.3% of the Company's issued share capital as at the respective dates.

Other Information

The valuation of share options granted under the Share Option Scheme was conducted based on the binomial model with the following assumptions:

At grant date	15 September 2016 & 1 December 2016	18 May 2017	26 April 2018
Expected volatility (per year)	45.69%–65.81%	57.63%–61.27%	59.03%–62.75%
Expected life of options (year)	6.0–8.17	6.0–8.0	6.0–8.0
Average risk-free interest rate (per year)	1.44%–2.09%	1.16%–1.22%	2.11%–2.13%
Expected dividend yield (per year)	3.93%–5.32%	5.32%	5.74%
Estimated rate of leaving service (per year)	0%–25%	25%	27.5%

The variables and assumptions used in computing the fair values of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The amount will either be transferred to share capital when the related share options are exercised, or be transferred to retained profits when the related share options expire or be forfeited.

No share option expense was recognized during the 2024 Interim (2023 Interim: Nil) in relation to the share options granted by the Company.

Pension Scheme

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

During the 2024 Interim, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 30 June 2024 under the PRC Retirement Scheme and the MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

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 the Shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions (the “Code Provisions”) of the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the “CG Code”) as the basis of the Company’s corporate governance practices. Throughout the 2024 Interim, the Company has complied with all applicable code provisions of the CG Code except for Code Provision C.2.1.

Pursuant to Code Provision C.2.1, the role(s) of chairman and chief executive should be separate and should not be performed by the same individual. As the duties of the chairman of the Board (“Chairman”) and the chief executive officer of the Company are performed by Mr. Tang, the Company has deviated from Code Provision C.2.1. The Board considers that having Mr. Tang acting as both the Chairman 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 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.

Model Code For Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct governing its directors’ securities transactions. Specific enquiries have been made with all the Directors and they have confirmed that they have fully complied with the Model Code during the 2024 Interim.

The Company has also established written guidelines on terms no less exacting terms 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 during the 2024 Interim. 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.

Other Information

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and confirmations from the Directors, there has been no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the 2024 Interim.

Audit Committee

The Audit Committee consists of three members, being Ms. Lo Wan Man, Mr. Lau Wai Leung, Alfred and Mr. Wong Wai Ming, all are independent non-executive Directors. Ms. Lo Wan Man currently serves as the chairlady of the Audit Committee.

The financial information contained in this interim report has not been audited by the Company's external auditor but this interim report has been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was satisfied that this interim report were prepared in accordance with applicable accounting standards. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

Sufficiency of Public Float

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules from 1 January 2024 up to the date of this report.

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

Hong Kong
27 August 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	6	139,111	142,940
Cost of sales		(109,745)	(123,140)
Gross profit		29,366	19,800
Other income and other gains	7	6,129	8,383
Selling and distribution expenses		(15,577)	(20,299)
Administrative expenses		(27,571)	(33,934)
Research and development expenses		(16,433)	(19,893)
Other expenses		(12,913)	(2,693)
Loss on disposal of a subsidiary		(432)	–
Loss from operations		(37,431)	(48,636)
Finance costs	8	(1,820)	(836)
Share of loss of an associate		(347)	(95)
Loss before tax		(39,598)	(49,567)
Income tax expense	9	(4)	–
Loss for the period	10	(39,602)	(49,567)

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Attributable to:			
Owners of the Company		(24,635)	(39,030)
Non-controlling interests ("NCI")		(14,967)	(10,537)
		(39,602)	(49,567)
Loss per share			
Basic	12	HK(2.4) cent	HK(4.0) cent
Diluted	12	HK(2.4) cent	HK(4.0) cent

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss for the period	(39,602)	(49,567)
Other comprehensive expense:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investment designated at fair value through other comprehensive income ("FVTOCI")	(32)	(656)
<i>Item that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(4,144)	(10,459)
Other comprehensive expense for the period, net of tax	(4,176)	(11,115)
Total comprehensive expense for the period	(43,778)	(60,682)
Attributable to:		
Owners of the Company	(28,528)	(49,778)
NCI	(15,250)	(10,904)
	(43,778)	(60,682)

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	11,814	16,064
Intangible assets		2,875	3,676
Right-of-use assets	14	21,226	28,046
Equity investment designated at FVTOCI		10,072	10,104
Investment in an associate		2,209	2,681
Total non-current assets		48,196	60,571
Current assets			
Inventories		89,308	118,985
Trade and factoring receivables	15	47,323	56,826
Prepayments and other receivables	16	21,618	38,145
Financial asset at fair value through profit or loss ("FVTPL")	17	5,370	5,329
Restricted and pledged bank deposits	18	2,733	2,735
Cash and cash equivalents		27,500	35,352
		193,852	257,372
Assets of the disposal group held for sale	19	16,329	–
Total current assets		210,181	257,372
Current liabilities			
Trade payables	20	42,363	64,733
Other payables and accruals	21	86,527	116,531
Interest-bearing bank and other borrowings	22	13,246	14,703
Lease liabilities		8,158	16,346
		150,294	212,313
Liabilities directly associated with the disposal group held for sale	19	54,752	–
Total current liabilities		205,046	212,313
Net current assets		5,135	45,059
Total assets less current liabilities		53,331	105,630
Non-current liabilities			
Lease liabilities		11,960	20,481
Total non-current liabilities		11,960	20,481
Net assets		41,371	85,149

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Equity			
Equity attributable to owners of the Company			
Share capital	24	10,086	10,086
Reserves	25	104,033	132,561
		114,119	142,647
NCI		(72,748)	(57,498)
Total equity		41,371	85,149

Approved by the Board of Directors on 27 August 2024 and are signed on its behalf by:

Tang Wing Fong Terry
Director

Shan Chuanlong
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Unaudited											
	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Fair value	Capital reserve HK\$'000	Share-based payments reserve HK\$'000	Contingent consideration-share consideration HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000	Total HK\$'000	NCI HK\$'000	Total equity HK\$'000
			reserve of equity investment designated at FVTOCI HK\$'000									
	Note 25(b)(i)	Note 25(b)(ii)	Note 25(b)(iii)	Note 25(b)(iv)	Note 25(b)(v)							
At 1 January 2023	9,536	753,201	(9,958)	148,807	9,707	116,187	37,050	(740,690)	(34,521)	289,319	511	289,830
Loss for the period	-	-	-	-	-	-	-	(39,030)	-	(39,030)	(10,537)	(49,567)
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(10,092)	(10,092)	(367)	(10,459)
Changes in fair value of equity investment designated at FVTOCI, net of tax	-	-	(656)	-	-	-	-	-	-	(656)	-	(656)
Partial disposal of interest in a subsidiary without loss of control	-	-	-	-	-	-	-	-	-	-	5	5
Total comprehensive income for the period:	-	-	(656)	-	-	-	-	(39,030)	(10,092)	(49,778)	(10,899)	(60,677)
Issue of shares pursuant to the share subscription	550	67,272	-	-	-	-	-	-	-	67,822	-	67,822
Remeasurement of contingent consideration - share consideration	-	-	-	-	-	(116,187)	-	-	-	(116,187)	(8,853)	(125,040)
At 30 June 2023	10,086	820,473	(10,614)	148,807	9,707	-	37,050	(779,720)	(44,613)	191,176	(19,241)	(171,935)
At 1 January 2024	10,086	820,473	(20,935)	148,807	4,692	-	37,050	(818,322)	(39,204)	142,647	(57,498)	85,149
Loss for the period	-	-	-	-	-	-	-	(24,635)	-	(24,635)	(14,967)	(39,602)
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(3,861)	(3,861)	(283)	(4,144)
Changes in fair value of equity investment designated at FVTOCI, net of tax	-	-	(32)	-	-	-	-	-	-	(32)	-	(32)
Total comprehensive income for the period:	-	-	(32)	-	-	-	-	(24,635)	(3,861)	(28,528)	(15,250)	(43,778)
Issue of shares pursuant to the share subscription	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of contingent consideration - share consideration	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2024	10,086	820,473	(20,967)	148,807	4,692	-	37,050	(842,957)	(43,065)	114,119	(72,748)	41,371

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	8,476	(60,497)
Purchases of property, plant and equipment	(3,451)	(16,472)
Purchases of intangible assets	–	(1,721)
Proceeds from disposals of property, plant and equipment	2,011	1,776
Interest received	252	89
Net cash inflow from partial disposal of the shares of a subsidiary	–	5
NET CASH USED IN INVESTING ACTIVITIES	(1,188)	(16,323)
Proceeds from issue of shares	–	67,822
Inception of interest-bearing bank borrowings	13,246	32,154
Repayments of interest-bearing bank borrowings	(11,416)	(18,851)
Interest paid	(1,820)	(836)
Principal elements of lease payments	(10,201)	(8,862)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(10,191)	71,427
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,903)	(5,393)
Effect of foreign exchange rate changes	(4,697)	(8,764)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	35,352	81,447
CASH AND CASH EQUIVALENTS AT 30 JUNE	27,752	67,290

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, 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
- Operation of artificial intelligence (AI) vending machine

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

These Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies and methods of computation used in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual financial statements of the Group for the year ended 31 December 2023 (the "2023 Annual Report"), except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current interim 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 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current liabilities with Covenants
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs has had no material impact on the Group’s financial performance and position for the current and prior periods and/or on the disclosures set out in the Condensed Consolidated Financial Statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Condensed Consolidated Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. In preparing the Condensed Consolidated Financial Statements, the significant judgements made by the management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the 2023 Annual Report.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. Fair Value and Fair Value Hierarchy of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements using:			Total
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets at FVTOCI:				
Unlisted equity investment	–	–	10,072	10,072
Financial assets at FVTPL:				
Investment in a life insurance policy	–	5,370	–	5,370
	–	5,370	10,072	15,442

Description	Fair value measurements using:			Total
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	31 December 2023 HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets at FVTOCI:				
Unlisted equity investment	–	–	10,104	10,104
Financial assets at FVTPL:				
Investment in a life insurance policy	–	5,329	–	5,329
	–	5,329	10,104	15,433

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. Fair Value and Fair Value Hierarchy of Financial Instruments *(Continued)*

(b) Reconciliation of financial assets measured at fair value based on level 3

	Financial assets at FVTOCI	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Audited)
At 1 January	10,104	21,081
Total losses recognised in other comprehensive income	(32)	(10,977)
At 30 June/31 December	10,072	10,104

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investment designated at fair value through other comprehensive income in the statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of unlisted equity investment has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about expected future cash flows, credit risk, volatility and discount rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of investment in life insurance is determined by reference to the cash surrender value as provided by the insurance company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. Operating Segment Information

The Group focuses primarily on the manufacture and distribution of home surveillance cameras, digital imaging products, other electronic products and operation of AI vending machines during the period.

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole. At the end of the reporting period, the operations of the Group constitute two reportable segments: Manufacture and sales of camera products and related accessories business and operation of AI vending machines.

The chief operating decision-marker (“CODM”) reviews the Group’s result by the each of the business line in order to assess performance and allocation of resources. Other than segment results, no segment assets and liabilities are available for the assessment of performance and allocation of resources for the year as in the opinion of the directors, the cost to develop it would be excessive. The CODM reviews the segment results of the Group as a whole to make decisions.

	Manufacture and sales of camera products and related accessories business HK\$'000 (Unaudited)	Operation of AI vending machines HK\$'000 (Unaudited)	For the six months ended 30 June 2024 HK\$'000 (Unaudited)
Revenue from external customers	136,075	3,036	139,111
Cost of sales	(108,457)	(1,288)	(109,745)
Segment results	27,618	1,748	29,366
Other income and gains			6,129
Share of loss of an associate			(347)
Loss on disposal of a subsidiary			(432)
Finance costs			(1,820)
Impairment loss on property, plant and equipment and right-of-use assets			(7,340)
Unallocated expenses			(65,154)
Income tax expense			(4)
Loss for the period			(39,602)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. Operating Segment Information *(Continued)*

	Manufacture and sales of camera products and related accessories business HK\$'000 (Unaudited)	Operation of AI vending machines HK\$'000 (Unaudited)	For the six months ended 30 June 2023 HK\$'000 (Unaudited)
Revenue from external customers	138,863	4,077	142,940
Cost of sales	(121,195)	(1,945)	(123,140)
Segment results	17,668	2,132	19,800
Other income and gains			8,383
Share of loss of an associate			(95)
Finance costs			(836)
Unallocated expenses			(76,819)
Income tax expense			–
Loss for the period			(49,567)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
European Union	62,066	73,134
United States of America	38,729	32,618
Mainland China	26,676	25,790
Other countries/regions	11,640	11,398
	139,111	142,940

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. Operating Segment Information *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	30 June 2024 HK\$'000 <i>(Unaudited)</i>	31 December 2023 HK\$'000 <i>(Audited)</i>
Mainland China	28,549	38,759
Hong Kong	1,026	1,484
Other countries/regions	6,340	7,543
	35,915	47,786

The non-current assets information above is based on the locations of the assets and excludes financial instruments and investment in an associate.

Information about major customers

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

	Six months ended 30 June	
	2024 HK\$'000 <i>(Unaudited)</i>	2023 HK\$'000 <i>(Unaudited)</i>
Customer A	32,908	57,394
Customer B	25,097	13,201
Customer C	14,592	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6. Revenue

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue from contracts with customers		
Type of goods or services		
Sale of industrial products	135,528	138,395
Sales of goods through AI vending machines	3,036	4,077
Provision of manufacturing services	547	468
Total revenue from contracts with customers	139,111	142,940
Timing of revenue recognition		
Goods transferred at a point in time	139,111	142,940

The performance obligation for sale of industrial products is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

The performance obligation for sale of goods through AI vending machines is satisfied upon delivery of the retail products and payment is due on delivery.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

7. Other Income and Other Gains

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	252	89
Government grants*	1,056	539
Fair value gain on financial assets at FVTPL	41	75
Exchange gains, net	3,612	7,384
Gain on disposals of property, plant and equipment	817	230
Others	351	66
	6,129	8,383

* Government grants mainly represents rewards or subsidies for research from the local governments without unfulfilled conditions.

8. Finance Costs

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
Bank and other borrowings	1,160	288
Lease liabilities	660	548
	1,820	836

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. Income Tax Expense

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax:		
— PRC Corporate Income Tax ("CIT")	4	—

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% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one (2023: one) subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. Preferential tax treatments were available for two (2023: two) of the Group's principal operating subsidiaries, Sky Light Electronics (Shenzhen) Limited and 西安天睿软件有限公司, since they were recognised as High and New Technology Enterprises and entitled to a preferential tax rate of 15% during the reporting period.

The Group's subsidiaries in the United States of America are subject to the federal tax at a rate of 21% (2023: 21%), and also subject to the statutory applicable state corporate income tax at a rate of 7% (2023: 7%).

The Group's subsidiary in the United Kingdom is subject to corporate income tax at a rate of 19% (2023: 19%).

The Group's subsidiary in Vietnam is subject to corporate income tax at a rate of 20% (2023: 20%). Pursuant to the relevant laws and regulations in Vietnam, entities in Vietnam engaged in qualified investment projects are eligible for Vietnam CIT exemption for the first year to the second year, and a 50% reduction for the third year to the sixth year starting from the year in which the entities first generate income from the investment projects, on the assessable profits from such investment projects.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

10. Loss for the Period

The Group's loss for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	109,745	123,140
Depreciation of property, plant and equipment	4,538	8,141
Depreciation of right-of-use assets	7,874	8,126
Amortisation of intangible assets ⁽ⁱ⁾	638	2,179
Research and development expenses	16,433	19,893
Employee benefit expense (excluding directors' and chief executive's remuneration):		
— Wages and salaries	32,435	41,311
— Pension scheme contributions ⁽ⁱⁱ⁾	2,890	3,092
	35,325	44,403
Allowance for inventories	4,824	16,505
Reversal of allowance for inventories ⁽ⁱⁱⁱ⁾	(7,815)	(7,888)
(Reversal of allowance)/allowance for inventories (included in cost of inventories sold)	(2,991)	8,617
Impairment losses of trade and factoring receivables	3,010	2,555
Impairment losses of property, plant and equipment and right-of-use assets	(7,340)	—
Exchange gains, net	(3,612)	(7,384)
Gain on disposals of property, plant and equipment	(817)	(230)

Notes:

- (i) 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 condensed consolidated statement of profit or loss.
- (ii) The Group contributes to defined contribution retirement plans which are available for eligible employees in the People's Republic of China (the "PRC") and Hong Kong.

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

During the six months ended 30 June 2024 and 2023, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 30 June 2024 and 31 December 2023 under the PRC Retirement Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

- (iii) The reversal of allowance for inventories for both periods was mainly resulted from the utilisation of the inventories of which allowance had previously been provided.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11. Dividend

The Directors do not recommend the payment of any interim dividend during the period (six months ended 30 June 2023: Nil).

12. Loss Per Share

The calculation of basic and diluted loss per share is based on the following:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share (HK\$'000)	(24,635)	(39,030)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,008,587,455	984,004,122

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 in respect of a dilution as the impact of the share option schemes had an antidilutive effect on the basic loss per share amounts presented.

13. Property, Plant and Equipment

During the six months ended 30 June 2024, the Group acquired property, plant and equipment of HK\$3,451,000 (six month ended 30 June 2023: HK\$16,472,000).

Certificates of ownership in respect of buildings of the Group located in Mainland China with a net carrying value of HK\$2,333,000 as at 30 June 2024 (At 31 December 2023: HK\$2,462,000) have not yet been issued by the relevant Mainland China authorities. The Group is in the process of obtaining these certificates.

14. Right-of-use Assets

During the six months ended 30 June 2024, the Group entered into new lease agreements for use of office and leased properties for 2 to 5 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognised HK\$7,657,000 of right-of-use assets and lease liabilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15. Trade and Factoring Receivables

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables	45,991	51,026
Impairment losses	(13,868)	(11,682)
	32,123	39,344
Factoring receivables	15,382	17,707
Impairment losses	(182)	(225)
	15,200	17,482
	47,323	56,826

The general credit terms of the Group granted to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The Group has entered into receivable purchase arrangements with a bank for the factoring of trade receivables with a designated customer. As at 30 June 2024, trade receivables factored to the bank aggregated to HK\$15,382,000 (At 31 December 2023: HK\$17,707,000).

The ageing analysis of the trade and factoring receivables as at the end of the reporting period, based on the invoice date and net of impairment losses, is as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 1 month	32,492	42,841
1 to 2 months	4,078	2,911
2 to 3 months	50	4,575
Over 3 months	10,703	6,499
	47,323	56,826

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16. Prepayments and Other Receivables

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Prepayments	6,400	17,032
Value added tax receivables	4,042	6,659
Deposits and other receivables	11,176	14,454
	21,618	38,145

17. Financial Asset At FVTPL

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Investment in life insurance policy	5,370	5,329

In March 2010, the Group's subsidiary, Sky Light Digital Limited entered into a life insurance policy with an insurance company to insure Mr. Tang Wing Fong, Terry, a director of the Company. Under the policy, the beneficiary and the policy holder is Sky Light Imaging Limited and the total insured sum is HK\$12,422,000. The Group was required to pay a one-off premium payment of HK\$4,109,000 at the inception of the policy. A guaranteed interest rate of 5.2% per annum applied for the first year, followed by the discretionary portion with a minimum guaranteed interest rate of 3.0% per annum for the following years until termination. The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal ("Cash Surrender Value"), which is determined by the premium payment plus accumulated guaranteed interest earned minus the accumulated insurance charges, policy expense charges and a specified amount of surrender charge if the withdrawal is made between 1st to 15th policy year.

The carrying amount represented the Cash Surrender Value of the policy and approximates its fair value at the end of the reporting periods. As at 30 June 2024 and 31 December 2023, the life insurance was pledged to a bank to secure banking facilities of the Group as set out in note 22. Details of fair value measurement are set out in note 4.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

18. Restricted and Pledged Bank Deposits

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Restricted and pledged bank deposits	2,733	2,735

The Group's restricted and pledged bank deposits represented deposits pledged to a bank to secure banking facilities granted to the Group as set out in note 22.

19. Disposal Group Held for Sale

During the current interim period, the Group has intention to dispose of its entire equity interests in Hugo Investment Limited and its subsidiaries (the "Target Group") and the Group has entered into a sales and purchase agreement on 31 July 2024 with a third party in relation to the disposal. The Target Group is principally engaged in the business of unmanned convenience store operations. Accordingly, the Target Group is presented as a disposal group held for sale.

As at 30 June 2024, the disposal group comprised assets of approximately HK\$16,329,000 and liabilities of HK\$54,752,000, detailed as follow:

	HK\$'000 (Unaudited)
Property, plant and equipment	134
Inventories	1,131
Trade receivables	2,125
Prepayments and other receivables	12,687
Cash and cash equivalents	252
Trade payables	(5,378)
Other payables and accruals	(33,788)
Interest-bearing bank and other borrowings	(3,287)
Lease liabilities	(12,299)
	(38,423)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

20. Trade Payables

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables	42,363	64,733

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 1 month	24,561	31,668
1 to 2 months	4,230	9,195
2 to 3 months	4,637	5,855
Over 3 months	8,935	18,015
	42,363	64,733

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 150 days.

21. Other Payables and Accruals

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contract liabilities		27,527	34,296
Other payables		7,671	28,258
Salary and welfare payables		4,170	8,190
Amount due to a director	(i)	40,226	38,842
Withholding tax payables		6,933	6,945
		86,527	116,531

Note:

- (i) As at 30 June 2024, the amount due to a director of HK\$40,224,000 (At 31 December 2023: HK\$36,635,000) is unsecured and carries interest at 3% per annum, and the others is unsecured, interest free and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

22. Interest-Bearing Bank and Other Borrowings

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Bank loans — secured	(ii)	6,672	11,393
Factoring loans — secured	(iii)	6,574	–
Other borrowings		–	3,310
Interest-bearing bank and other borrowings		13,246	14,703
The borrowings are repayable as follows:			
Within one year		13,246	14,703

Notes:

- (i) The Group's banking facilities amounting to HK\$47,926,000 (As at 31 December 2023: HK\$47,947,000), of which HK\$13,246,000 (As at 31 December 2023: HK\$11,393,000) had been utilised as at the end of the reporting period.
- (ii) The bank loans were secured by the pledge of the Group's life insurance policy as set out in note 17 and bank deposits as set out in note 18, personal guarantee executed by a controlling shareholder of the Company, corporate guarantees executed by two subsidiaries of the Group respectively.
- (iii) Factoring loan of HK\$6,574,000 (As at 31 December 2023: Nil) is secured by the pledge of the Group's factoring receivables as disclosed in note 15.
- (iv) The secured bank and factoring loans carry effective interest rates ranging from 6.6% to 6.8% (As at 31 December 2023: 6.7% to 6.9%) per annum.
- (v) All borrowings are denominated in the US\$ and RMB.

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For the six months ended 30 June 2024

23. Contingent Consideration

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contingent Consideration		–	–
Classified as:			
Promissory notes payable		–	–
Share consideration through equity		–	–
		–	–

Note: The Group acquired 51% equity interests of Wuhan Show Life on 30 November 2022. The consideration of this acquisition is divided into two parts: promissory notes and the Company's own equity shares. As at the reporting date, neither the promissory notes and/or the Company's own equity shares are in issue. The settlement of the consideration is deferred to two allotment dates subject to a profit guarantee arrangement provided by the vendor.

As at 31 December 2023, the Group remeasured, and restated, a contingent consideration — promissory note payable amounted to Nil as financial liabilities measured at fair value through profit or loss and a contingent consideration — share consideration amounted to Nil as equity instruments. The contingent consideration as at the acquisition-date fair value is determined mainly based on discounted cash flow calculation.

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For the six months ended 30 June 2024

24. Share Capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2023 (Audited) and 30 June 2024 (Unaudited)	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2023 (Audited)	953,587,455	9,536
Issue of shares pursuant to share option scheme	55,000,000	550
At 31 December 2023 (Audited), 1 January 2024 (Unaudited) and 30 June 2024 (Unaudited)	1,008,587,455	10,086

Note:

On 16 January 2023, an aggregate of 25,000,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK\$1.15 per subscription share pursuant to the terms and conditions of the subscription agreement. In addition, on 16 May 2023, an aggregate of 30,000,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK\$1.40 per subscription share pursuant to the terms and conditions of the subscription agreement.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

25. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current period and prior period are presented in the condensed consolidated statement of changes in equity on page 30 of this report.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The Group's capital reserve represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation over the nominal value of the Company's shares issued in exchange therefor.

(iii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors and employees of the Group.

(iv) Statutory reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

26. Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2024 (As at 31 December 2023: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

27. Capital Commitments

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contracted, but not provided for:		
Purchases of plant and machinery	2,003	2,624
Purchases of intangible assets	25	27
	2,028	2,651

28. Related Party Transactions

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Short-term employee benefits	1,785	1,827
Post-employment benefits	27	36
Total compensation paid to key management personnel	1,812	1,863

29. Subsequent Event

On 31 July 2024, the Group announced the Group has entered into a sales and purchase agreement with a third party to sell its entire equity interests in Hugo Investment Limited and its subsidiaries for HK\$500,000. The disposal was completed on 31 July 2024. Details of the disposal are set out in the announcement of the Company dated 31 July 2024.

30. Approval of Condensed Consolidated Financial Statements

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 were approved and authorised for issue by the Board on 27 August 2024.